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Regional Oral History Office  
The Bancroft Library

University of California  
Berkeley, California

Government History Documentation Project  
Ronald Reagan Gubernatorial Era

APPOINTMENTS, CABINET MANAGEMENT, AND POLICY RESEARCH  
FOR GOVERNOR RONALD REAGAN, 1967-1974

Winfred Adams	Strategies for Republican Elections, State Government Management, and Water Resources, 1963-1976
Paul R. Haerle	Ronald Reagan and Republican Party Politics in California, 1965-1968
Jerry C. Martin	Information and Policy Research for Ronald Reagan, 1969-1975

Interviews Conducted by  
Gabrielle Morris, Sarah Sharp  
1981-1982

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To cite the volume: "Appointments, Cabinet Management, and Policy Research for Governor Ronald Reagan, 1967-1974," an oral history conducted 1981-1982, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1983.

To cite individual interview: Winfred Adams, "Strategies for Republican Elections, State Government, and Water Resources, 1963-1976," an oral history conducted by Gabrielle Morris, in "Appointments, Cabinet Management, and Policy Research for Governor Ronald Reagan, 1967-1974," Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1983.

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## PREFACE

California government and politics from 1966 through 1974 are the focus of the Reagan Gubernatorial Era Series of the state Government History Documentation Project, conducted by the Regional Oral History Office of The Bancroft Library with the participation of the oral history programs at the Davis and Los Angeles campuses of the University of California, Claremont Graduate School, and California State University at Fullerton. This series of interviews carries forward studies of significant issues and processes in public administration begun by the Regional Oral History Office in 1969. In previous series, interviews with over 220 legislators, elected and appointed officials, and others active in public life during the governorships of Earl Warren, Goodwin Knight, and Edmund Brown, Sr., were completed and are now available to scholars.

The first unit in the Government History Documentation Project, the Earl Warren Series, produced interviews with Warren himself and others centered on key developments in politics and government administration at the state and county level, innovations in criminal justice, public health, and social welfare from 1925-1953. Interviews in the Knight-Brown Era continued the earlier inquiries into the nature of the governor's office and its relations with executive departments and the legislature, and explored the rapid social and economic changes in the years 1953-1966, as well as preserving Brown's own account of his extensive political career. Among the issues documented were the rise and fall of the Democratic party; establishment of the California Water Plan; election law changes, reapportionment and new political techniques; education and various social programs.

During Ronald Reagan's years as governor, important changes became evident in California government and politics. His administration marked an end to the progressive period which had provided the determining outlines of government organization and political strategy since 1910 and the beginning of a period of limits in state policy and programs, the extent of which is not yet clear. Interviews in this series deal with the efforts of the administration to increase government efficiency and economy and with organizational innovations designed to expand the management capability of the governor's office, as well as critical aspects of state health, education, welfare, conservation, and criminal justice programs. Legislative and executive department narrators provide their perspectives on these efforts and their impact on the continuing process of legislative and elective politics.

Work began on the Reagan Gubernatorial Era Series in 1979. Planning and research for this phase of the project were augmented by participation of other oral history programs with experience in public affairs. Additional advisors were selected to provide relevant background for identifying persons to be interviewed and understanding of issues to be documented. Project research files, developed by the Regional Oral History Office staff to provide a systematic background for questions, were updated to add personal, topical, and chronological data for the Reagan period to the existing base of information for 1925 through 1966, and to supplement research by participating programs as needed. Valuable, continuing assistance in preparing for interviews was provided by the Hoover Institution at Stanford University, which houses the Ronald Reagan Papers, and by the State Archives in Sacramento.

An effort was made to select a range of interviewees that would reflect the increase in government responsibilities and that would represent diverse points of view. In general, participating programs were contracted to conduct interviews on topics with which they have particular expertise, with persons presently located nearby. Each interview is identified as to the originating institution. Most interviewees have been queried on a limited number of topics with which they were personally connected; a few narrators with unusual breadth of experience have been asked to discuss a multiplicity of subjects. When possible, the interviews have traced the course of specific issues leading up to and resulting from events during the Reagan administration in order to develop a sense of the continuity and interrelationships that are a significant aspect of the government process.

Throughout Reagan's years as governor, there was considerable interest and speculation concerning his potential for the presidency; by the time interviewing for this project began in late 1980, he was indeed president. Project interviewers have attempted, where appropriate, to retrieve recollections of that contemporary concern as it operated in the governor's office. The intent of the present interviews, however, is to document the course of California government from 1967 to 1974, and Reagan's impact on it. While many interviewees frame their narratives of the Sacramento years in relation to goals and performance of Reagan's national administration, their comments often clarify aspects of the gubernatorial period that were not clear at the time. Like other historical documentation, these oral histories do not in themselves provide the complete record of the past. It is hoped that they offer firsthand experience of passions and personalities that have influenced significant events past, and present.

The Reagan Gubernatorial Era Series was begun with funding from the California legislature via the office of the Secretary of State and continued through the generosity of various individual donors. Several memoirs have been funded in part by the California Women in Politics Project under a grant from the National Endowment for the Humanities, including a matching grant from the Rockefeller Foundation; by the Sierra Club Project also under a NEH grant; and by the privately funded Bay Area State and Regional Planning Project. This joint funding has enabled staff working with narrators and topics related to several projects to expand the scope and thoroughness of each individual interview involved by careful coordination of their work.

The Regional Oral History Office was established to tape record autobiographical interviews with persons significant in the history of California and the West. The Office is under the administrative direction of James D. Hart, Director of the Bancroft Library, and Willa Baum, head of the Office. Copies of all interviews in the series are available for research use in The Bancroft Library, UCLA Department of Special Collections, and the State Archives in Sacramento. Selected interviews are also available at other manuscript depositories.

July 1982  
Regional Oral History Office  
486 The Bancroft Library  
University of California at Berkeley

Gabrielle Morris  
Project Director



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GOVERNMENT HISTORY DOCUMENTATION PROJECT  
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Carpenter, Dennis, CSU Fullerton.

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Oral History Office, Department of Special Collections, University of California, Davis, California, 95616.  
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On behalf of future scholars, the Regional Oral History Office wishes to thank the friends of Ronald Reagan who responded to the Office's request for funds to continue documentation of Mr. Reagan's years as governor of California. Those listed below are among the donors to the project as of March 1983.

Justin Dart

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Regional Oral History Office  
The Bancroft Library

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Government History Documentation Project  
Ronald Reagan Gubernatorial Era

Winfred Adams

STRATEGIES FOR REPUBLICAN ELECTIONS,  
STATE GOVERNMENT MANAGEMENT, AND WATER RESOURCES, 1963-1976

An Interview Conducted by  
Gabrielle Morris  
1981-1982

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WINFRED ADAMS

ca. 1970



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## INTERVIEW HISTORY

Winfred W. Adams was interviewed early in the Ronald Reagan Gubernatorial Era Project to obtain his firsthand recollections of Mr. Reagan's terms as governor of California. Adams' remarks offer a lively and interesting account of the first years of the Reagan administration as a basis for understanding its later development.

In the interview, Adams provides insights into the workings of the governor's office from 1967-69, when he served as cabinet secretary, and a vivid picture of the Republican party election strategy known as the Cal Plan, for which he was field director from 1963 to 1966. As a bonus there is a brief commentary on his work as chairman of the California Water Resources Control Board, in the formation of which he had also taken a hand.

Mr. Adams readily agreed to participate in the project, and arrangements were promptly made for the interview. Two sessions were recorded, in the den of his pleasant home on the edge of a golf course a few miles west of Sacramento, the state capital. At the first session [December 17, 1981] he greeted the interviewer with a fluent summary of the conservative beliefs he shares with Reagan, beliefs one imagines are rooted in Adams' own rugged youth in Arkansas, and a rare anecdote of the governor losing his temper, when he had not received available information on the long-running controversy over instituting a withholding tax.

With a touch of the southern mountain states still in his voice, Adams then went back to describe his experiences with the Cal Plan, for which he adapted demographic techniques learned in a stint with the U.S. Census Bureau into a highly successful system for targeting legislative districts in which Republicans might be elected. For the first time, the party "was able to raise money in off years to build staff and encourage candidates." "What you do in off years pretty much determines your success in election years."

After the Reagan victory in 1966, several of the regional party representatives Adams had trained were recruited for the governor's staff, which, Adams notes ruefully, led to a loss of effectiveness in Republican campaigns. Adams himself joined the governor's team in Sacramento almost inadvertently when the transition staff asked him to serve as acting secretary of the Resources departments.

With the first major personnel shift in the governor's office, Adams became cabinet secretary when William Clark moved from that position to executive secretary. In describing his relationship to the cabinet of executive agency chiefs, Adams clearly outlines the plan for reorganizing the governor's functions into the tightly-organized system of operations that

became a benchmark of the Reagan administration. This concept redefined the agency secretaries as policy advisors to the governor rather than the operating heads of related departments they had been under Governor Pat Brown, and also led to several realignments of department groupings over a period of years. This new agency format also meant increased responsibilities for the cabinet secretary, involving extensive discussions of routine agency decisions and daily deliberations with the senior echelon of governor's office staff as well as determining those items that should come before the weekly cabinet meetings with the governor.

In this role, Adams reports that he often felt he was a chaplain to the agency secretaries with their problems that were often interrelated. The atmosphere in the governor's office was frequently one of crisis management, allowing little time for reflection. Adams was ready to move when an opening occurred in the recently formed Water Resources Control Board. There he was able to immerse himself in an intricate world of technical knowledge with broad ramifications, which he found personally satisfying. What he found less satisfying was the need to continue as chairman of the board for more than a year into the following administration because of Governor Edmund Brown, Jr.'s tendency to delay making appointments. One can surmise that Reagan's successor found Adams well-qualified and was content to have him continue in his work.

The first interview was transcribed and lightly edited by the interviewer and given to Adams for review at the time of the second recording session, on February 25, 1982. The edited transcript of the second session was forwarded to him a few months later. Adams made minor revisions, added a few clarifying comments, and the transcript was returned for final production in August, 1982. He also made available the photographs which illustrate the manuscript.

Gabrielle Morris  
Interviewer-Editor

9 November 1982  
Regional Oral History Office  
486 The Bancroft Library  
University of California at Berkeley



## I PHILOSOPHY AND PRACTICE OF GOVERNMENT

[Interview 1: December 17, 1981]##

The Great Depression and the Role of Government

[Preliminary conversation about the Reagan Gubernatorial Era project]

Adams: In thinking about your visit today, we have been living through a period of major change in the role of government, going back to the thirties. I was in high school in the thirties. In fact, I graduated from high school in 1934. I was seventeen years old. The Great Depression, which made a strong and lasting imprint on my generation, has probably governed a lot of our thinking throughout our lives.

Morris: In what way?

Adams: I think our sense of values is probably considered now to be antique, to say the least. The changing role of government--before 1930, the government played a comparatively minor role in the fortunes of the people. I think that the Roosevelt administration was the beginning of what we have increasingly had since, [which] is that the government's responsibility is more or less cradle to grave. I don't think most of us in my generation agree with that philosophy or with that approach. I think probably in this country we have basically two viewpoints of government. You could label them if you wanted to; one would be liberal and one conservative. I think it is difficult for people like myself to think in terms of the common man.

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##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 100.

Adams: Now, I am quite sure in my own mind that this is where there is a lot of misunderstanding in the media and people reporting on Reagan or analyzing Reagan trying to define his political philosophy. The difference between that and say the Kennedys or the (quote) "liberals" is that I don't think Reagan or I or most of us really can think in terms of the common man. We don't think that way. We think more in terms of the individual.

So if you think of our government in terms of dealing with the common man--I hate that term because I don't think most people are common. Although I came from as poor a background as you can possibly get, I don't like that approach; I don't think Reagan [does]. I'll give you an example. I think it happened last year. It was the \$122 a month basic Social Security grant. Mostly the people who are in that category and are on that roll--there are approximately three million of them as I understand it--never really participated in Social Security. Most of them were of the age [where] they were almost past participating in Social Security when it was instituted and certainly they were not part of the original Social Security legislation.

Morris: These are the recipients?

Adams: Yes. Incidentally, the Congress reinstated that; that is, at the president's request, yesterday and I thoroughly agree with that. But the point is, because they had never participated in it and had never really contributed to it, it would seem, unless you really sat down and analyzed who the recipients were, there were people who really were on a form of welfare. They had been tacked on to the Social Security at a later date.

So because they had never really participated and really had no basic right to it under various laws except as an add-on, it seemed logical, if you are going to have to cut the amount of money that the government collects and spends, then this was one area to cut. I think after President Reagan was thoroughly acquainted with the people you were dealing with--

Morris: Do you mean individuals amongst that common man category?

Adams: Right, that these people then became identified in his mind as the truly needy. Then he was willing to change his mind from his original concept of it, and he in fact asked Congress to reinstate it. So I think maybe this is an example of what I meant. Yet on the other aspect of political philosophy, I think the liberals would have taken a different view of the thing, that they were the ones that had instituted it to begin with. What I am really saying, I guess, is that they were right in the long run. Maybe they were wrong for different reasons, for tacking it on to Social



Adams: Security. It should not have been part of Social Security; it should have been part of another government program, if they were really deservingly needy people. And there were a lot in that category; obviously, now there are about three million. I think the program should be closed off now, because everybody of an age under seventy now has participated either in Social Security or other methods of income saving to take care of their older years.

So this is what I mean--I think the minute that Reagan became convinced that these people, the vast majority of them, were the truly needy people, there was no question that he was going to have it reinstituted if he could.

#### Brainstorming in the Governor's Office: Income Tax Withholding

Morris: Was this part of the process in the governor's years in Sacramento: becoming aware of what some of these categories really stood for?

Adams: I think that's true. For instance, another example, in a slightly different category: when Governor Reagan was elected and we came to Sacramento, we found the state government financially in quite a mess. In the last year, the Democratic administration of Pat Brown had used a number of gimmicks, such as fifteen months' income to pay twelve months' bills. The state income was very uneven. It went in peaks and valleys, because you only paid state income tax, such as it was, once a year. There was no withholding. Consequently, this created these peaks and valleys in state income. To cover this, the state had borrowed money from special funds like the Fish and Game fund, and there were a whole bunch of them, to tide them over the valleys. Then when all of the money came in, they paid it back. That was the only way that you could do it because the state is prohibited from borrowing from private sources.

The idea of withholding tax at the state level, Reagan was opposed to it, for philosophical reasons primarily, I think, and he had stated so. He had stated it in his campaign. But when it was explained to him in full what was happening, the special funds were no longer able to loan the state enough money to tide them over the valleys. So there had to be some way of leveling out the state income. The only practical solution was to institute withholding tax on a regular basis.

A lot of people like to think of Reagan as being not flexible enough to deal with that, but primarily he is a problem-solver. I remember very well, we used to have, when I was on the governor's

Adams: staff, about twice a month, we had a lunch with all of the governor's staff and the cabinet. Sat around a long table and had lunch brought in and we more or less brainstormed and talked about problems in a semi-confidential way. Everybody was free to contribute anything they wanted. It was a give-and-take session, a very good one.

Morris: With an agenda?

Adams: No, unstructured. The whole thing was generally unstructured and everybody threw in whatever they had in mind. Sometimes you got lost in the shuffle if you had something you wanted to say or because the interest centered on something else. But I know that I had been discussing with members of the Department of Finance, Kirk West particularly, about this problem. So one day I really became very unpopular with my colleagues for a little while.

Right in the middle of it, I said, "Governor, this thing has been knocking on the door for a long time. A decision has to be made and we can no longer avoid withholding." He said, "Why do you say that?"

I said, "I think there are facts and figures that have been drawn up and are available that you haven't had a chance to look at. They haven't been shown to you." That made him mad! [chuckles] It made him extremely angry.

Morris: That he hadn't seen it or that you were saying that he hadn't done his homework?

Adams: No, I was just unfortunate or stupid enough to bring it up and point out to him that there were facts and figures available that he hadn't seen. Well, he has a temper. He has reading glasses that he wears like I do now and--

Morris: So do I. They are the mark of being past forty!

Adams: Right, just like those. So one thing he would do when he got angry, and he has kind of a flashpoint. He takes his glasses. He threw them on the table and he said, "Damn it to hell, if this is true and they haven't been shown to me, by God, I want to know why." Everybody was startled. So it got into a discussion and then the people primarily responsible for developing the facts and figures told him about it. But he didn't like it.

Morris: He didn't like the figures when he saw them?

Adams: He didn't like the idea that practically the only solution to the problem was withholding, which he was very much opposed to. But after he saw the figures, and he had time to absorb it and to calmly review all the facts and all the figures, he approved it. We proposed it to the legislature and they enacted it. So we have had withholding on the state level ever since. I think that probably gives somewhat of an insight into Reagan's thinking. It took a lot to convince him it was right.

Of course, I walked out of that meeting alone, because nobody wanted to talk to me! [laughter]

Morris: Did you have any allies at the meeting?

Adams: Yes, I had several.

Morris: Would Kirk West be at that kind of meeting?

Adams: Yes. Everybody knew how strongly the Governor was opposed to withholding, so they were reluctant to really bring the thing down to the top of the table and talk about it. I think a lot of them would have preferred it had been done a different way than I did it. [laughs]

Morris: For instance?

Adams: You can always finesse these things. You can always put together a committee, either all in-house or a mixture of in-house and people from outside. You can come up with a quick study. You can do a lot of things that would have brought the information onto the top of the table in slightly different manner. But to bring it up, at that time and place, probably I was in error.

Morris: It was on your mind, so you raised it without going through all of the preliminary preparation?

Adams: Yes, I raised it. I always did have a fault of speaking too bluntly, too quickly.

Morris: Then you are just the type of person we like to talk to!

Adams: Anyway, it just kind of popped out, because I had been discussing it with a lot of people.

Legislative Staffing and Liaison

Morris: Had you talked about it to the legislative people at all?

Adams: No, I hadn't; because, remember, at that time we had a Democratic legislature. All of the committees were Democratic-controlled. So that was a difficult problem as to discussing these things with the legislators themselves. Now, that didn't preclude discussion with the legislative staff.

Morris: Who, for instance?

Adams: The majority and the minority parties have a staff. It's a general staff. Specifically, I guess, their boss is the speaker or the president pro tem.

Morris: They are assigned to some committees, too, I believe.

Adams: They are assigned to committees, but there is a general staff in which they develop general and specific legislative proposals to be introduced by one or the other parties. These then fight their way through each side's caucus and then if a bill develops out of it, it is pushed by the leadership of one side or the other. They are usually very competent people--the staff--and they discuss a lot of things. They are very discreet. So you could talk to them. You can discuss ideas with them on a strictly off-the-record basis; but it is a good process, and you can get ideas across; you can receive ideas, you can exchange thinking that way.

Morris: Without making anything--

Adams: Without getting anything up to the higher level where then it is likely to be in the morning paper, and you are not ready for that.

Morris: Weren't some of the legislative staff people interested in withholding?

Adams: Yes, they obviously were interested. They were as knowledgeable about the state's financial problems because of the way it was being run as we were. So naturally they were looking at ways and means of solving the problem. Eventually, the legislature had to be involved.

Morris: Sure. I was thinking about the other piece of this. There were a couple of legislative liaison people in the governor's staff. Would they be also working on an idea like this?



Adams: Yes, they were. However, their function under our setup was to act as lobbyists. Exactly what they did, probably the best description you could say of them was that they were the governor's office lobbyists. They were primarily interested in pushing--in lobbying through the legislature--bills that the administration wanted enacted.

Morris: Once it got to the bill stage? They weren't involved in this preliminary process?

Adams: Not to that extent, no. That's a pretty full--you always have a limited staff and to try to stroke a hundred and twenty legislators takes a lot of time.

Morris: Even somebody like Vern Sturgeon who had been in the legislature himself?

Adams: Yes. Of course, Vern was very valuable for a long time because of his legislative experience and being one of the (quote) "inner circle" of the senate. So he was extremely valuable in getting legislation enacted.

Morris: But not on this process of--

Adams: No, they were rarely in on the development of this type of thing to the extent that the rest of us were. Of course, they participated in staff discussions and cabinet discussions on them and made their contribution, but they were not primarily charged with developing it or in other words, doing the pick and shovel work of actually developing the legislation.

Morris: Certainly the task of then talking a hundred and twenty people into voting your way on it is a full-time job.

I've got one other question on this informal lunch process. Was there somebody who kind of led the discussion or brought up the topic of the day?

Adams: No, there really wasn't a topic of the day. Obviously, the more senior members of the cabinet and staff could, when they wished, control the flow of ideas and topics and so forth. A lot of times really nothing serious was discussed.

Morris: You stayed in touch with each other.

Adams: Yes, just a relaxed luncheon where everybody sat around a table and nothing serious was discussed. At other times, a very serious discussion of issues--the current issues, you had a whole new list of them every day; a discussion of those. It really was somewhat of an extension of the cabinet process.

Administrative Reorganization: Expansion of the Agency Concept

Adams: Incidentally, that's an interesting thing. It was instituted by the Reagan administration, the concept of the agency secretaries which changed under Reorganization Plan I. We changed from agency administrators to agency secretaries. The concept has probably been explained to you before, but it was rather simple. The only other governmental plan I knew about--I had seen it in private industry--was the City of San Diego. They took their agencies, what was then say the guy from public works and moved him down the hall from the city manager and took him away from his agency. So he became actually, in the city government, a cabinet member, and he worked primarily with the city manager. The concept in Reorganization Plan I--and it was approved, at least not disapproved, by the legislature. The first step in that was to get a bill through the legislature that allowed the governor to come in with a reorganization plan and unless the legislature specifically disapproved of it, it became effective after a certain period of time and certain hearings.

Morris: Was that already in the government procedures?

Adams: No, that was the first one that we got. We got that early in the Reagan administration.

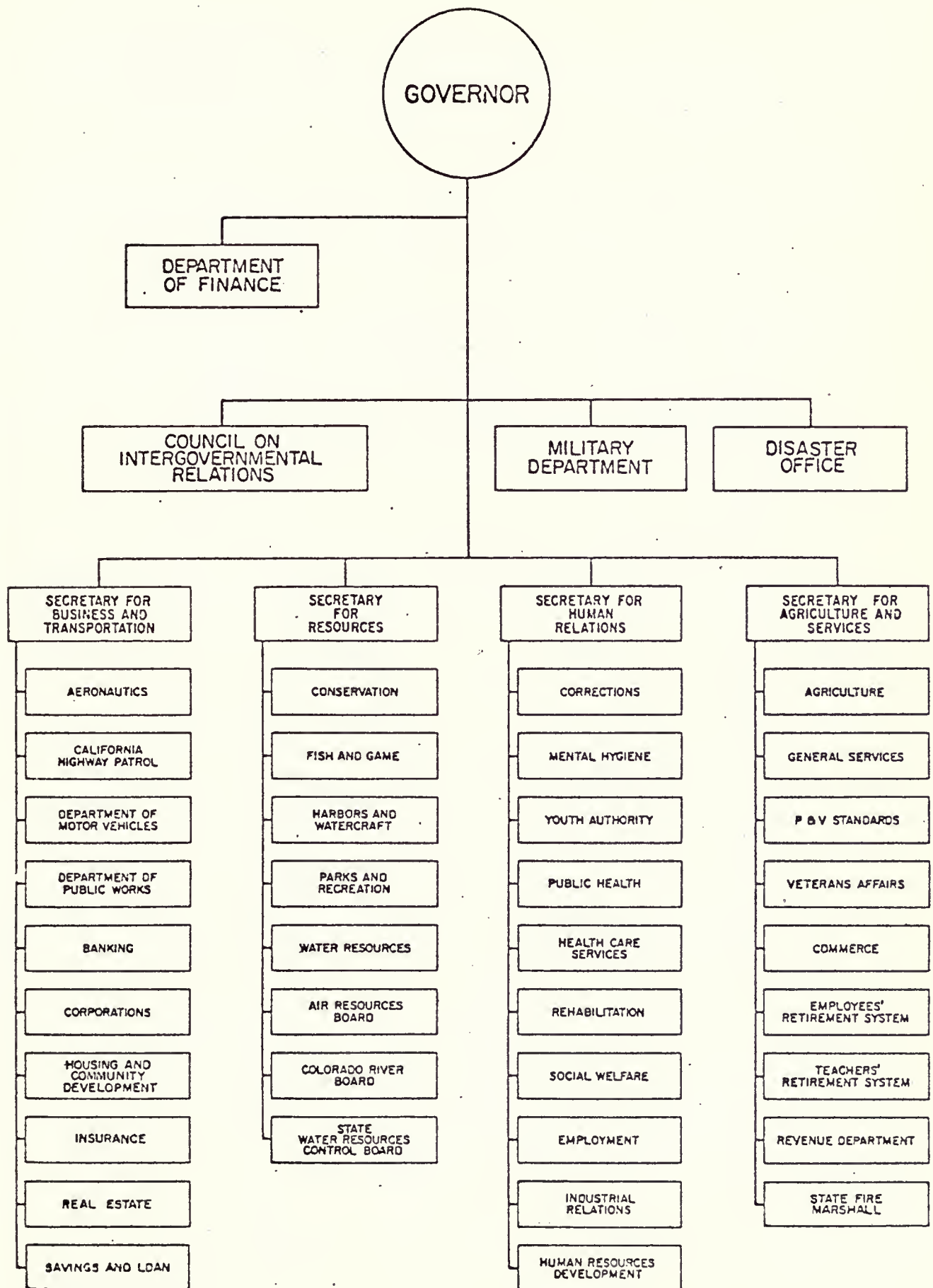
Morris: That procedural change?

Adams: Yes, that procedural change, right. Before, in Pat Brown's administration, they did have somewhat of a cabinet process, but it was a very cumbersome one; we didn't think it worked for him and wouldn't work for us.

Morris: It was under Pat Brown that the idea of agency administrator was--?

Adams: Right, they had developed agency administrators, but in their administration process and the cabinet process or the decision-making process, which is really what we are talking about, practically all of the major departments were a member of that. So his cabinet meetings, if and when they had them, really were a convention. You had so many people that we didn't think it was possible to make decisions, quickly at least.

So the idea of this was to change them to agency secretaries. The original idea was to physically move them into the governor's office. There were five of them, and they became then an extension of the authority of the governor rather than administrators of an agency. They were to have a small staff and they then supervised



Adams: their areas of expertise, their certain group, like the Resources Agency included the Department of Conservation, Fish and Game, the Department of Water; all of the agencies, all of the departments and boards--

Morris: The huge list you had there?

Adams: Yes, but that got messed up. Good ideas can be somewhat modified by some very unlikely things. One was just space. We didn't have space to put them over in the governor's office.

Morris: There in the capitol building?

Adams: Right, in the governor's wing over there. So naturally they stayed in their agency, which partially defeated the concept. It certainly mitigated the pure idea of having them as cabinet members and an extension of the governor's authority; policy makers rather than administrators. But this was the original idea.

Morris: What does that then do, however, to the implementation of the policy?

Adams: This was difficult, to a degree, because the only authority these secretaries had to implement policy was the power of the governor. The statutory responsibility for the programs we are talking about was placed on the department heads by the legislature.

Morris: Yes, the individual department directors.

Adams: Right, so really what we are talking about on the one hand is the administration, execution of a program by the department heads. But under this was the concept that they would do this under the policy direction of the agency administrator acting for the governor. So that was the way it was set up to work. I still think it's an excellent idea. It did work. It worked in the eight years of the Reagan administration. It sometimes created conflicts because certain departments would see--certainly, if they were reluctant to support the policy, [they] would try to fall back on the fact that, "Well, our direction, our mandate, comes from the legislature. The policy doesn't fit that, so consequently we have to modify the policy."

You had some of that. But since the department directors were also the governor's appointees, that was fairly easily overcome.

Morris: Would that involve maybe a smaller head-to-head session with a department director and agency administrator?

Adams: The agency administrator and usually the--



Morris: And somebody from the governor's office?

Adams: The executive secretary to the governor, which was Ed Meese. And at the time, the cabinet secretary; I was involved in that considerably at that time.

Morris: So it would involve you as cabinet secretary and the executive secretary.

Adams: In most of the cases, yes.

Morris: Could I back up just for a minute before we get past this and ask you a little bit about where you came from and how you got to Sacramento? Let me turn the tape over and you can think about that.

## II PERSONAL BACKGROUND; POLITICAL EXPERIENCE##

Arkansas Youth; Military Service

Morris: Somehow, from your voice, I suspect that you weren't born in California.

Adams: No. I can be very brief on that. I was born in Arkansas. We were part of a large family, but our particular part was the poorer section of the family.

Morris: Are you part of those early American Adamses, a branch of that family?

Adams: No, not New England. My ancestors came through the Carolina colonies. We were extremely poor. Under today's definition of poor--poverty, we would have been so far under the baseline poverty that you wouldn't have recognized us. You would have to invent a new category. My father died when I was six. He left my mother and eight children. But somehow my mother, who now will be ninety-four years old in January, held us together. Most of us received a fairly decent education. I finished high school, went off to college. It didn't last; I eventually got my degree piecemeal over a number of years. Verta, my oldest sister, who started teaching with a teacher's certificate out of a two-year college--

Morris: That was the way that it was.

Adams: She got her master's degree when she was forty-nine years old. She either taught or went to school all of her life. So we did that sort of thing. As I said, I graduated from high school early. I was seventeen in February and graduated in June mainly because my brother and I, who was almost two years older, went to school together; I started early. Of course, World War II is a big part of my life.

Morris: Were you drafted?

Adams: No, I volunteered in '39, mainly or partially, to be frank, because although I had been working--I had been out to California--my job was gone. Obviously, we were going to war, so I just enlisted.

Morris: As a nineteen-year old youngster, you could sense that that was going to happen?

Adams: Yes, I think it was obvious to a lot of people then with what was happening in Europe and so forth. So I went in. I, of course, went up through the ranks.

Morris: Are we in the army or the navy?

Adams: I went in the army and then wound up eventually in the air force. But after World War II (I had been in almost ten years) they asked me to stay. After looking at everything, I decided to stay. I then went into intelligence. I served in some embassies; I spent four years in Egypt as part of the embassy staff over there, and then I did some work in Europe and in the Pentagon. So I retired in 1959 from the military.

Morris: You did twenty years.

Adams: Yes; I was forty-one years old. Then I went into private business and eventually into politics in a professional manner; in other words, as a professional campaign manager.

Morris: Had you based yourself in San Diego by then?

Adams: Right.

Morris: Navy people often end up in San Diego. How did an air force man end up there?

Adams: I don't know really. It was the place. I had been in southern California. I liked the area. My wife's family, part of them, lived there. So it seemed like a logical place to go.

#### Ronald Reagan in 1964

Adams: Through the political work, that's how I met Ronald Reagan, I think it was in 1962, which was four years before he thought of running for governor.

Morris: Was he campaigning?

Adams: No, he was still working for General Electric at that time, but he had become active in political affairs in the Republican party. The Republican women's association of San Diego had invited him to be a speaker at one of their luncheons.

I can't remember what occasion it was, but it so happened that I was also a speaker on the program and we were sitting side by side at the head of the table. So we got to talking back and forth. It was interesting; he showed me how he carried his cue cards or prompt cards. He had this system that he put his subjects on little three-by-five cards which he could palm. He was very good at it.

What he would do; he showed me the cards, and he just had the transitions and the main topics he wanted to cover on them, not the actual words that were in his speech. It was just that. So he showed me how he did that and I asked him why.

He said, "I have a problem between my mouth and my eyes. If I tried to follow a script like a printed page like you see most speakers do, I'd lose my place all of the time." I have the same problem. So he spends a tremendous amount of time familiarizing himself with what he is going to say in any given speech and he knows it verbatim. He has almost, I think, a photographic mind in this particular area. It may come from his years as an actor and learning scripts and so forth. So he was explaining it to me and showed me the cards. So we talked and we set up there at that table a long time.

Morris: After lunch was over?

Adams: [laughs] No, it just takes those women a long time to get things done! So he gave his speech. He did a lot of that at the time. That's what brought him to the attention of people and then, of course, his--

Morris: Was he thinking of political office at that point?

Adams: No, he wasn't. In my own mind, I don't think he was. He had been a Democrat and converted, moved over to the Republican side.

Morris: He had already moved over by '62?

Adams: Yes. He took his citizenship responsibilities very seriously, and he was in a position to communicate ideas, especially through his work with General Electric.

- Morris: My understanding is that is kind of what General Electric had in mind.
- Adams: Maybe, I don't know. I really don't know that much about his relationship with General Electric, except he served as more or less a motivator for all of the General Electric people.
- Morris: Let me try an idea out on you. I remember World War II; there was a huge push for productivity and there was quite a lot of sending distinguished or interesting people around to the war plants to push good ideas.
- Adams: Yes, I remember.
- Morris: Certainly; you were there too. I have wondered if this work that Mr. Reagan did for GE was a continuation of that kind of thing.
- Adams: I suspect it was. He was in the service. He had to get a waiver because of his eyes, but primarily in the war he developed training films and patriotic films and short subjects of this sort, stimulating production.
- Morris: --And good thoughts.
- Adams: Right, patriotic type things. Of course, his ability in that type of media was--. So this was where he was and the GE portion of his life probably was an extension of that.

Cal Plan: Republican Election Successes, 1963-1966

- Morris: What were you doing at that point? You were running campaigns?
- Adams: I was involved with an advertising and public relations firm in San Diego, and we also did political campaigns. I did--
- Morris: Keeping up the cash flow!
- Adams: [laughs] Yes. So I was the principal--I actually did manage campaigns for quite a long time. Then I also worked for the state Republican party and we instituted new techniques.
- Morris: Were you working on the Cal Plan?
- Adams: Yes, I directed the Cal Plan. In fact, I helped develop it. I was the originator, with one other guy, of the Cal Plan and I was the director of the Cal Plan as long as it lasted.

Morris: Who was your co--?

Adams: It was Dr. [Gaylord] Parkinson, who was first state vice chairman and then the state chairman of the Republican party and a very activist-type person. So we developed the Cal Plan based on-- everything gets related. Directly after I retired from the military in 1959, I worked for the United States Census Bureau. First I directed a farm census for the northern half of California; and then I directed the census in Oakland, Alameda County; and then eventually took over the one, because it was in trouble, in San Francisco County.

Morris: You had some insight into demographic changes that were happening?

Adams: Right, absolutely. Techniques; this was the beginning of the computer. So the techniques we developed in the Census Bureau, not only of collecting data but how it was used after you collected it and the role that computers could play in that was the basis of the Cal Plan. So it worked. You dealt more or less, politically then, rather blindly, in a rare, crude way, but with this type of technique, you could break it down to the precinct level, which was very small. You could get a profile of the people, precinct by precinct, which included ethnic, education, income, religion, the whole thing. So there you were sitting looking at a mass of information that heretofore had never been available to be used in political campaigns.

Morris: You were using the raw data from the census that is already collected there?

Adams: Right, it's a public record. So we developed precinct techniques-- in contact with people, in communication with them--based on the profile that you developed out of all of this information. That gave you a far better chance to reach them on a level that would be appealing politically. We even designed our mailers on the basis of this.

Morris: A special mailer for this precinct because it had a high proportion of auto workers who were Presbyterians or--?

Adams: Right, or fishermen or whatever you want to talk [about]. So it added really a revolution or new dimension to political campaigning. It took the Democrats a few years to really realize what we were doing, at least for two elections. By then we had captured control of--had gone from about twenty-five assemblymen to a majority; we had control of the assembly, and we had gone from twelve state senators to twenty. We almost got a majority there. We did that in two elections.



Morris: Did you stay in touch with that Cal Plan process when you were in the governor's office?

Adams: Yes, for a while.

Morris: The reason I am asking is [that] somebody has said--a couple of people have, in fact--that the Cal Plan was in a way too acceptable. It "peaked" too early. It peaked in '69 and gave the governor a majority in the assembly and a Republican speaker, but then two years later, the Republicans lost that majority and the goal had been to have a majority for the 1970s reapportionment.

Adams: Well, it peaked there, but the reason that it was no longer successful was that there was no muscle put into it.

Morris: Explain that a little bit.

Adams: It seems to be historically true that when a political party becomes successful--in other words, they have most of the elective offices they have gone after--then they seem to forget whence or how they got there. This requires a lot of work--an extreme amount of work. I don't think I ever worked as hard in my life as I worked from 1963 through '66. We developed a new Cal Plan technique. I divided the state into seven areas. I hired a full-time professional staff year in and year out.

Morris: In addition to yourself?

Adams: Oh, yes, for each one of these areas. Then in election times we beefed that up with other people. I'm convinced that what you do in the off-election year pretty much governs your success in the election year. First, you've got to find candidates, you've got to get your organization together. You've got to develop all of these people in all of the key spots. So we actually went out and raised the money to do this. We were raising at least half a million dollars even in off-election years just for the party. Well, no one had ever done this before. No one ever had that type of staff. No one ever used the computer techniques that we used. So, all right, we got to Sacramento in 1966, beginning of '67; we had the governor, the lieutenant governor--

Morris: The controller.

Adams: Yes, the controller. We were fast approaching the control of the legislature, at least the assembly. So the money dried up. No one was out raising the funds to keep this organization going, to that extent. A good many of these seven or eight guys that I had hired and worked in there--Mike Deaver was one of them.

Morris: He worked in the--?

Adams: Yes, I hired him out of San Jose and he worked the central coastal area.

Morris: He was one of your area pros?

Adams: Yes. We had all joined the administration. We were up here; instead of out working in the political vineyards, we were up here being bureaucrats in the state machinery. So consequently no one else stepped in and took over the organization and ran it and developed the political muscle, which you spell money, to keep the organization going and keep a fresh supply of young, dedicated professionals in these areas. In fact, the organization died.

The last hurrah was the '68 elections. We did get control of the assembly. After that, there was nothing. The money dried up for the party. There was no one--I was never replaced as Cal Plan director. People were not hired to replace me and Mike Deaver and several other guys that were part of the organization. So this is what you call becoming, I guess, fat. You attain success and so you don't continue to do the things you did when you were hungry.

Morris: Was Caspar Weinberger also involved in some of that?

Adams: Caspar Weinberger had previously been an assemblyman. He was also the state chairman before Parkinson. He was involved in some of that, yes.

Morris: I talked with him briefly and he was also very much interested in this business of fundraising having to be a continuous operation.

Adams: Right, that's true. The Livermores were involved in it. Put Livermore, who later became state chairman, was involved in it at that time. There was an attorney from San Mateo County named Halley who was in it; I think he died. I'm not sure. But all of these people disappeared or moved on. Nothing is very permanent in a political organization. It is constantly changing. Unless there are some key people who are charged with the mission of making it work on a continuous basis, then it falls apart.

Morris: For twenty years the Democrats had Roger Kent, who was riding herd on things. Was there somebody like that in the state Republican party?

Adams: I was the first one, I guess, and when I left no one ever really succeeded me in the same concept that I was there, so it kind of fell apart. Various efforts were made to revive it since then, but not to the extent that we did.



Morris: Could you revive that or would it have to be some variation--?

Adams: Oh, certainly, you could certainly revive it. The first step would be to get some people in place that had the know-how. The first step is raise the money, and then you can go out and hire the staff, train them, and put them to work. Certainly, it will work again. I have never understood why we let it go, because I think that the Republican party could have been, well, not as dominant as we were or as successful as we were during those short four or five years, because the Democrats began to understand what we were doing and they developed their own techniques right along the same lines. They went out and also raised some money and hired some staff people on the same basis we did and they became--naturally they weren't defensive any more.

Morris: Somebody that I talked to who was working on Republican campaigns said that in there for a while, every time he went into an assembly district he ran into Jesse Unruh or Ken Cory or Vic Fazio or someone like that, working the district for the Democrats.

Adams: Yes, they became active and they developed--I had a lot of discussions, I've had some with Ken Cory, I've had some with Jess on that. Jess was a, unique in a way, political activist. He gave us some seats [laughs] because some of his people, and they had the vast majority--

Morris: He did the wrong thing in some districts, is that what you are saying?

Adams: No, what I'm saying was that he had some Democratic legislators that gave him problems in the legislature and his leadership. When reapportionment time came, they all of a sudden found themselves in trouble. They found themselves in a district that was difficult to elect--even re-elect--a Democrat. So usually we wound up with a Republican in his place. I think a good example of that-- Well, I can give you one very concrete example. But I won't. I don't think that's probably what you need on this tape! [laughs]

Morris: It's an interesting case book on political methods, too.

## III REAGAN BECOMES GOVERNOR

1966 Election; Integrated Campaigns

Morris: Let me go back to my list here. What my research indicates is that in '66 you moved into the Reagan campaign per se.

Adams: No, I did not. I was only supportive of that. Buy my job in 1966 was to elect Republican legislators. I ran, if I can remember correctly, we targeted I think it was eleven assembly districts and six senate districts. My job in the '66 campaign was to organize and run--I had overall supervision of all of those campaigns. The actual campaign managers, when we targeted them and finally decided, all right, these are the districts we have the best chance of winning, then I'd assign our staff like Mike Deaver and the others to specific campaigns. Some of them had two campaigns, some one. It depended on the size of the district and the difficulty of communication and so forth. They actually then became the campaign managers for those particular candidates, and we got to most of them. These were the most competent, knowledgeable people around to manage that kind of campaign because they had been working in those areas then for about almost four years.

Morris: And they didn't necessarily come from those areas.

Adams: Not necessarily.

Morris: You could hire somebody who had the kind of skills you were looking for--

Adams: Right, and move them in there. We'd develop a profile of the district--a political, social, economic profile of the district. Then we would start looking for a candidate that in our opinion could best communicate with the people in that profile. So then we found, when we were lucky, a candidate that did that or would appear to be. Then we convinced him to run, and in most cases he was successful.

Morris: Then how did those campaigns tie into the governor's campaign?

Adams: For probably one of the few times or maybe even the first time, we had a completely integrated campaign from the governor's race right down through the assembly races, including the constitutional offices. So there was a flow of information, of coordination, of finances from the governor's campaign right on down through the party.

Morris: How about the comments that you run across occasionally that the governor developed his own separate political structure and that was separate from the Republican party?

Adams: That has historically been true, I think, of both political parties. When you have a candidate, let's say for a major office like governor or president, he has his own political staff, political strategists, political campaign organization. The area I am talking about is the degree of cooperation between that staff and the regular party. Now, there is almost naturally a natural conflict between the two because primarily of money, prestige, and so forth. You see, here is what you deal with on that. If you have an active party like we had with the money and the muscle we had put in it, we had developed what is the basis of most campaigns, which are your precinct organizations. These are the people, organized by precinct, that actually do the political work. They do the envelope-stuffing, they maintain the headquarters, they man the phones, they go door to door. They do all of these sort of things on a volunteer basis. There is no way in the world, unless there is a vacuum, that a candidate's campaign can do that sort of thing in the short space from the time a candidate declares to the election. So they have to rely on the regular party's organization that's already there. Well, sometimes this works smoothly and sometimes there is a lot of--if you get the wrong people involved or the people who don't understand the total process--there are conflicts between the two, which is harmful to both sides.

In the 1966 campaign, we probably had the most integrated and harmonious relationship between the regular party people and the Reagan campaign organization that has ever happened. I think that was one of the reasons he won; of course [another] reason is that he is a very attractive candidate who espouses ideas that a lot of people responded to, at least to the tune of a million-vote margin in an area where the registration of the populace generally and overall in the state was three to one Democrats. So this was where it really takes place and this is true of all elections probably from statewide to the federal government.

Morris: So in a sense, you were working for the Republican party. Therefore, your liaison was--

Adams: We had direct liaison on several levels, but with the key people in the Reagan campaign like [Stuart] Spencer and [William] Roberts. Incidentally, Spencer and Roberts had worked for us, the Republican party, for a long time.

Morris: Right, they came out of the Young Republican organization.

Adams: Yes. We had hired them and we paid them on our campaigns and--

Volunteer and Professional Campaign Workers##

Adams: --Integrated campaign in the state. Now remember this, your party organization starts with the state Republican party organization, and the officials are selected by the state chairmen and by the legislators. But your party [officials] at the local level, like the county level, are elected by the people, the Republicans or Democrats within that area. You take a county chairman who has been elected by the Republican voters in that county and he holds office on the basis of this, he is a bit of a prima donna. You don't go and direct him to do anything. You work with him and you seek his cooperation and you convince him that this is the way the party is going to achieve the most success; this is how we are going to elect the most candidates. And it is not easy sometimes..

Morris: Then you would have worked closely with Phil Battaglia.

Adams: Phil was the chairman, I think the southern chairman--I don't remember whether he was statewide chairman or not--of the Reagan campaign. He was strictly a volunteer. He was the head of the volunteer organization as chairman.

Morris: Statewide?

Adams: I think he was statewide. I am not sure whether it was just southern California or whether it was statewide, but it was probably statewide. That's a long time ago.

Morris: So you would have been more likely to be working with the pro--

Adams: My contact was primarily with Spencer and Roberts and their people and not with Battaglia, because these were the people who were, in my point of view, doing the work.

Morris: Yes, I understand the distinction. Then how did Mr. Battaglia come to be selected as the first executive secretary?

Adams: Because of his work in the campaign.

Morris: As a volunteer rather than as a nuts-and-bolt pro.

Adams: Right, not as a professional.

Morris: Had he had much experience in governmental kinds of things?

Adams: I don't think so. He was an attorney; he is an attorney. He was prominent, I guess; out of L.A., of course. He was a prominent attorney and he had been involved in some political campaigns there, just which ones I don't know. So he had achieved--the professionals never get the publicity. [laughs] They don't want it because it would impair their effectiveness.

Morris: Right, and it somehow isn't quite consonant with the idea of one man, one vote.

Adams: Right, so you have your volunteer organization, the general chairman and the chairman of the finance committees and all of the various committees you put together. They are the ones that get the publicity and that's the way it should be.

#### Transition into Office

Morris: Then the volunteers are more likely to be the people working on actually setting up a new administration?

Adams: Yes, if they can fit the requirements. Phil Battaglia was a brilliant young lawyer. He certainly had the qualifications to do practically any job in state government that he wanted. I guess, on the basis of that, I suppose he was then offered the job that he took with the--

Morris: I came across a newspaper clipping that said that in the transition period you worked for the lieutenant governor.

Adams: Yes, that was later, after I had been cabinet secretary. Remember, Lieutenant-governor [Robert] Finch went back to Washington. He was the lieutenant governor elected in 1966.

Morris: Right, and he was in office for--

Adams: --A little over a year or so. In '68 Nixon was elected president. He appointed Finch to a job--several jobs--in Washington, D.C. When he left the state, under the constitution the governor can appoint



Adams: a replacement as lieutenant governor who would serve until the next election. He appointed Ed Reinecke. When Reinecke came--he was a congressman from southern California--it was felt that he really wasn't all that versed in state issues.

Morris: That seems a reasonable reaction.

Adams: So I was asked by Bill Clark to--and incidentally, I knew Reinecke slightly, not well--would I go up and be his top man or executive secretary or whatever you want to call it during the transition period until he got his feet on the ground as far as the state government was concerned.

Morris: So you did that after you had been cabinet secretary?

Adams: Right.

Morris: These press references are frequently not as accurate as one would like them. So then in the '66-'67 transition, did you move from the political campaign structure then into the administrative--?

Adams: Yes, let me explain that. Right after November, 1966, after the election with Reagan safely elected, there was then the problem of a transition between one administration to the other. So at that time--there is now--but at that time there were no funds to pay anybody to actually work in the transition of the Reagan administration replacing the Pat Brown administration. So I was at that time being paid from two sources. I was still receiving some pay from my organization in the advertising--

Morris: What is the name of that just for the record?

Adams: Well, it's all over with now. I was also being paid by the state Republican party. So they asked me [if I] would come to Sacramento and serve on the transition team, which I did. We were very thin. I was the one and only transition person for the whole Resources Agency.

Morris: How did you happen to get assigned to the Resources Agency?

Adams: I had been interested in the development of the state water project in the 1960 election in which the state water project was approved by the voters.

Morris: Did you work on that campaign?

Adams: I did some. I had served on some committees, so I was one person available who had some relation to natural resources, as you might say.

Morris: Who asked you to take on that spot?

Adams: Bill Clark or Phil Battaglia, I can't remember which.

Morris: Phil was there for about six months.

Adams: Yes.. It kind of happened in a haphazard way. I had business up here and they had temporary offices over on Capitol Mall. I went over there and, of course, I knew everybody. They said, "What are you doing?" I said, "I'm up here to do this and I'm leaving tonight."

And they said, "No, you're not." [laughs] So that was about the way it happened. So then when he was sworn into office, my first job was assistant secretary of the Resources Agency.

Morris: Before Ike [Norman L., Jr.] Livermore came on?

Adams: Yes. Actually, I was announced before the governor was actually sworn in, as assistant secretary; I would be the assistant secretary of Resources. Mr. Livermore didn't come aboard until February, in late February if I remember correctly. So I was really the acting secretary until he came aboard. Then I continued to work for him until I went over to the governor's office in September of '67 as cabinet secretary. That's when Battaglia left and Clark became the executive secretary.

Morris: What was the reason that Battaglia only lasted such a short time?

Adams: Whatever I would say on that subject is secondhand and something else. I really don't know. I don't know for sure and I really was never too concerned about it. All I know, I was called over by Bill Clark and he said that we were making some changes. He was cabinet secretary at the time. He said, "It will be announced Monday"--and this was on Saturday--"it will be announced Monday that Phil is leaving and I will become the executive secretary and I would like you to become the cabinet secretary."

Morris: Were you aware as assistant secretary in Resources there were some problems on the governor's staff?

Adams: Yes, I was aware. There were several problems over there, that and with the director of Finance. I think they were probably normal problems that every administration goes through. Their first whack at it never is 100 percent successful. Usually there is a shake-down period and then there are some changes of people. I think that's true of just about every administration on whatever level.

Morris: The comment has been made that Mr. Reagan maybe had more problems than some other people because a number of the people that came in with him had not been all that involved in government previously.

Adams: That probably has some basis. I know Mr. [Gordon Paul] Smith, I guess his name was, that was first director of the Department of Finance was, I think, totally out of his element.

Morris: Had he been active in the campaign at all?

Adams: Yes, I think he had been active and contributed to the campaign. But I don't think he was--he just didn't fit and I think he had a total misconception of what his job was. It didn't work out. So he was changed, as you know, and about the same time or maybe a little bit later Cap Weinberger took the job and things fell into place.

#### Appointments Process

Morris: Would you have been aware of any of the conversations going on about appointments?

Adams: Yes.

Morris: Apparently there was a committee that had some fairly strict guidelines as to political stance and that sort of thing.

Adams: No, I'm not really sure that is true. I don't think there was a committee. There was a lot of discussion and talk about the "kitchen cabinet." Is this what you are referring to?

Morris: Yes.

Adams: I don't think they were really that influential in the governor's appointees. I think they offered their advice, or if they were asked to, they offered their advice or they submitted names of people. But I don't think they were anywhere near or ever were in a position of where they made the decision as to who was appointed. I think they contributed input into the process, but definitely they did not make the decisions as to who it would be.

Morris: Was that more a group of the people who were actually working in Sacramento that would make that decision?

Adams: That is true.



Morris: It must have been a huge number of people that you were dealing with.

Adams: Really, there is not that many. What are you talking about? You are talking about basically the most key people. You are talking about the five agency secretaries, four and the Department of Finance. You are talking about approximately forty-two department heads or something like that. So there you are still under fifty people.

Morris: You are also talking about the governor's immediate staff, which in '67 was--. In Earl Warren's time I think there were four or five people on the governor's staff plus a couple of secretaries and, by '67, even going in there's a dozen of you.

Adams: Yes, a dozen or fifteen of us or something like that, depending on what level. There was kind of a pecking order in the staff. So generally of the key people, you are not talking probably any more than at the maximum seventy-five and probably less at that time. So it wasn't all that many people. Of course, when you throw in the whole wide thing--boards and commissions and all that sort of thing--then you get into quite a number of people.

Morris: Then that is sort of a year-around process again, I understand.

Adams: That's 'right, constantly evolving all of the time.

Morris: But in that first initial getting things set up in Sacramento, is there a screening process?

Adams: Yes, I think in the top people there were various groups--including the (quote) "kitchen cabinet," various other groups that submitted names. One of the staff people on the governor's staff was called an appointments secretary and he was the key person in sifting through these names, weeding out the obviously unfit, if you want to use that word, or people who did not fit what we were looking for. Then it sifted down and then there was a process of further sifting down through staff review and staff consideration of it.

Then the legislators themselves had an input if it involved someone from their district, a legislator or state senator, you certainly brought him in on it. You didn't want to appoint, if you could avoid it, someone that would be an embarrassment to the legislator because you create an enemy.

Morris: That sounds like almost a security--

Adams: It is, and that also involved the credit and the security-type investigations. So that's how it all came about, and some positions didn't get filled for a time. It took quite a talent search to find the right person.

Morris: I can believe that.

## IV CABINET SECRETARY RESPONSIBILITIES, 1967-1969

Agency Communications and Task Force Operations

- Morris: When Bill Clark asked you if you would come over to the governor's office, did you have a session with Mr. Reagan, by then governor, as to what his expectations were and that kind of thing?
- Adams: Yes. I don't remember specifically if we ever sat down and discussed in detail exactly what my job was. Generally, at that time we had instituted the agency-secretary concept before we ever got it through the legislature, run it through where they didn't disapprove it, but we were operating on that type of basis then.
- Morris: So when you were in the Resources office, you were still working closely with the governor's office?
- Adams: Yes, that's true. We had the cabinet there; then we had the sub-cabinet. We did a lot with them. Later on, in that evaluation program that I worked in, I used the sub-cabinet. That was the assistant secretaries of the various agencies.
- Morris: Now, those were also exempt appointments?
- Adams: Yes, that is true. So the process was, then--the cabinet secretary was responsible for developing the agenda for the cabinet meetings. He received the written proposals for the agenda from all of the agency secretaries as soon as he could get them, which was always a hassle. Everybody always wanted to come in at the last minute with one, especially if they had some angle they didn't want to spring on anybody until they actually discussed it in the cabinet.
- Morris: So you were in the middle of a lot of people's different strategies.
- Adams: Right, and the cabinet secretary had most of the day-to-day communication with the agency secretaries and with the department heads. If a department head wanted something in the governor's

Adams: office, it didn't matter what it was, including something he wanted to bring to the attention of the governor, he'd call the cabinet secretary or he came over to see him or he called him or he'd send him a memo or he did something. So you were fairly busy on a day-to-day basis.

Of course, you had in addition to that, you had all of your staff meetings and your cabinet meetings and your special groups. We always had something going. We had a group studying taxation, tax structure or this and that and the other. So it usually involved about a ten to fourteen-hour day.

Morris: You said earlier that some of these ideas on the task force and the agency administrator were ideas that you were familiar with from business. Where were those coming from?

Adams: It's a very difficult area to discuss. If I get what you are trying to get back to, there's always been an assumption, which I don't think is 100 percent true, that private business is run more efficiently than government; it may be generally true because private business has to make a profit or they go broke. So naturally, they have to use knowledge, resources, and people to a higher degree of efficiency than government does. So the mechanics of how you do this and can those techniques be applied to government?--I think this is what you were getting at.

Morris: Yes.

Adams: Generally, yes, we found that some could and I think we made some improvements in government operations by using this. This was a large task force.

Morris: That is the Task Force on Government Efficiency and Economy?\*

Adams: Right. So I worked with them very closely. Actually, it eventually became a set of written recommendations and background papers as a basis of the recommendation. It generally worked very well, I thought. A lot of new ideas came into government. A lot of them got defeated because it was impossible to implement them. Others just somehow didn't work in government.

Morris: For example? That's a tough question.

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\*See interview with Warren King in this series.

Adams: It is a very tough question. I don't know why. You can say possibly one of the reasons--

Morris: You've worked in private industry and you've worked in government and you are the same man--

Civil Service Staff; Guiding Study Groups' Focus

Adams: I think basically one of the reasons is the civil service system itself. With all of its good points, it has its drawbacks, because it's inflexible as far as moving people, changing job assignments-- If you have a group of people pointing in this direction and you want to change them and point them in this direction, it is difficult in any place, private industry, any place else. But it is ten times as difficult in government service with civil-service type employment, which is very protective, as you know. I'm not knocking civil service, although at times I have. It inhibits you doing things. It certainly inhibits and sometimes makes it impossible, because you just cannot do that. You have people who were hired and they were put into classifications. They advanced on certain career ladders and you can't change those people quickly.

Morris: Yes, and take this person and put him over there.

Adams: But you can't also fire him and hire somebody else either, so that--

Morris: To what extent is the civil service that much different from a company that has got a tight union?

Adams: It's probably similar, but in the private sector, rarely are--[tape interruption: Mrs. Adams enters briefly]--rarely are the management structure in private industry and their support union members. So this makes a difference, although you can say that in government, the exempt employees certainly are not part of civil service. They never were and never will be. But really your middle management, which is the key to any organization, are all civil service.

Morris: How about the category that we've come across of career executive assignment. Were the people in that category helpful?

Adams: Yes. That was a program that I always thought--in fact, I did a study of it--I thought had a lot of potential, yet somehow it never really seemed to work up to its potential. The basic idea was and is--and it was a rather limited program--is to take your brightest middle-management people in civil service, who have civil service status, and appoint them on a temporary basis to the executive



Adams: positions, retaining their civil service status. That was one guarantee they had. If they flopped or if something didn't work out, they could always go back to where they were.

Maybe the basis for the program was what was wrong. Their basic loyalty, I think, was still with the civil service system.

Morris: I see, where they came from.

Adams: Right, so I think this was what inhibited the program. I think it had the potential and we tried to use it to a greater extent than it ever had been used before, but somehow or another it never really worked, except on rare occasions, as well as we thought it should work.

Morris: Do you remember any of the CEAs that you may have worked with who might still be around?

Adams: If I could go down the roster, I would recognize most of the names.

Morris: Did you have some in the Resources Agency?

Adams: Oh, yes.

Morris: Any in the governor's office itself?

Adams: No, I don't remember any in the governor's office, but we had them in the Resources Agency and I think I had one on the water board staff. Paul [R.] Bonderson was one, I think, for a while.

Morris: On the task force, how did that function? Was that staffed; did they have people who could go out and pull in this information, or did they use people from--?

Adams: Do you mean the outside task force--

Morris: On government problems.

Adams: They really didn't get into that area. Do you mean as far as their own staff work?

Morris: Yes, in terms of how the task force itself functioned.

Adams: We had a very small staff that supported them, a stenographic staff primarily, and then there were some key people that worked with them. I worked with them, but I worked with them on the basis that I sat in on their meetings.

Morris: Did you take the minutes?

Adams: No, I didn't take the minutes. My position was support and guidance. We didn't want them to get off into a lot of areas that would be futile or unproductive. So there was some guidance to keep them pointed in the right direction to where we wanted them to go.

Morris: Which was?

Adams: Which was sticking to the fact of analyzing the operation of a program or a department and analyzing their methods, their techniques, their operating procedures and looking at it on the basis of their experience in private industry and see if they could recommend some improvements.

Morris: Did they have people come in from the departments to talk to the task force as a whole?

Adams: Yes.

Morris: Did they send people out to spend time in the departments?

Adams: Yes.

Morris: That's interesting. Had anybody tried that kind of--?

Adams: Not to my knowledge.

Morris: It's really kind of a gigantic task when you think of all of the departments in state government.

Adams: [chuckles] It was! It went on for almost a year.

Morris: I can believe it. It sounds like the gigantic term paper of all time.

Adams: Yes, it is. Those papers should be available somewhere.

Morris: Ric Todd said that he had a copy of the report we could borrow.

Adams: Ric Todd from PG&E?

Morris: Yes.

Adams: I worked with Ric a number of times. He retired some years back. What is he doing now?

Morris: He is about as retired as you are. He seems to be healthy and hearty and I gather he does a few chores still if anybody wants his advice or wants him to check--



Adams: He was a very valuable man for us in the transition.

Morris: I would imagine so. He set up, I gather, some briefings for the incoming people with the existing government people. How did those work?

Adams: It worked very well.

Morris: Did they provide you with information that you didn't already have?

Adams: Yes, they did. Usually, in the transition, you found the civil service people eager to cooperate, totally honest in what they presented to you. Of course, I was briefed to death. As the only man on the transition team for the Resources Agency, I was briefed by every department and board. I never spent so much time in briefings in my life, but they gave me detailed briefings on their operations and so forth. They furnished me with all of the written material that I requested. I had a little problem with some of the outgoing department heads and so forth who didn't think probably that Ronald Reagan should be governor and certainly they were at the end of their jobs, so they weren't very cooperative. But that's nothing but natural.

Morris: Were there any carryover department heads from Pat Brown's administration?

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Adams: Not to speak of. And, of course, they were not of the same status with the agency secretaries.

#### The Department of Finance and Budget Development

Adams: Incidentally, apparently under Pat Brown the dominant force in the state administration was the director of the Department of Finance. In fact, from what I could see, he was more nearly the governor than Pat Brown was.

Morris: Hale Champion?

Adams: Yes. Actually most of the decisions on budget--everything--was pretty much decided by Hale Champion. So that was one of the things that we wanted to correct. We wanted to go back to where the Department of Finance, although an equal partner, was not a dominant partner as far as the agencies and the departments were concerned in budgets. This took some doing, because the civil service staff in the Department of Finance had been doing business

- Adams: on the basis that they were the top dogs, and to change them around to thinking that the primary input for these decisions were going to come from the line, line being the departments, was quite a shock, I think. It took some doing to get this straightened around, but there was a determination on the governor's staff to take the Department of Finance out of such a dominant position as it had become. So it took a while.
- Morris: How did you go about doing that when the bottom line, as they say, is that whatever the program is, it has got to be paid for and it has got to be accounted for?
- Adams: It wasn't easy. Entering into that are priorities. The department director's priorities might be considerably different than the priorities of the director of the Department of Finance. Although the programs were mandated by the legislature, or at least approved by them, the implementation of them, and the policies--their importance in relationship to other programs, the decision should be made in the cabinet through input by the departments rather than coming down from the Department of Finance saying, "We've got this many dollars and you are going to spend it here." So this was where the crux of the matter was, and it took some re-education of people to get there.
- Morris: Was it a tussle?
- Adams: It was a lot of sniping underneath and there was a lot of discussion. But as soon as we got Cap Weinberger aboard as director of Finance, things smoothed out a bit because of his background. He had been a legislator. He had gone through this whole thing from the legislative point of view. He had a very much broader view of things than previously had been there. And he agreed with the concept.
- Morris: The concept being that there should be collective decision making by--
- Adams: By the cabinet with input from everyone and the governor being the final authority.
- Morris: I guess what occurs to me first is that if you are going to take some authority away from the Department of Finance, you balance that off by raising them up to the cabinet level.
- Adams: Right.
- Morris: There were some interesting thoughts that maybe you had something to do with it. Part of this process was to take some of the budget making responsibility away from the Department of Finance and making each department develop their own budget.

- Adams: Yes. See, I think under Pat Brown's administration, the Department of Finance made the various departments' budgets and sent them down to them. They could comment on it and send it back. We reversed the process, in which the primary budget was developed at the departmental level, worked its way through the agency secretary level into the cabinet, and then Finance had a chance to take a look at it.
- Morris: Finance still takes a look and reviews the budget before it goes into the governor's budget?
- Adams: Yes.
- Morris: I have been questioned by the Department of Finance and that's a very agonizing procedure.
- Adams: Yes, it is and another agonizing thing is that when you finally reach the legislative hearing sessions and then you have to contend with the legislative analyst's office after the budget has been developed, then they take it and they do an analysis on it. When the legislative committees hold hearings on it, you go in and really the legislative analyst's office is your opponent. So the legislature asks them about the budget, various provisions in the budget, and they give their analysis of it. You are sitting there, if you are supporting the budget you have submitted, then you've got to defend that budget. I have spent a lot of time doing that and it's--
- Morris: You later on sat there and had to present the Resources' budget?
- Adams: Yes, the Resources' budget and then later on the Water Board's budget which was a growing organization because of the new laws, both state and national, environmental laws and so forth.

#### Cabinet Meetings

- Morris: How about the budget process as it developed in the cabinet sessions? Was there some kind of special procedure?
- Adams: Yes, we had budget sessions in which the cabinet secretaries, which included the Department of Finance and the particular department director whose budget was being considered, we sat down and went over it line by line in the budget process and everybody had a chance to put his two cents worth in.

Then you quickly eliminated all of the issues or items where there was no dispute. You refined it down as to where if there was controversy or a difference of opinion on certain items, then those were thoroughly discussed. If you could not resolve it, it was left up to the governor. He made the final decision.

Morris: Everybody sat in on those or was it department by department?

Adams: Department by department, except the full cabinet sat in on all of them, which is only five people including the Department of Finance.

Morris: So the full cabinet actually went over every department budget as it was worked on.

Adams: Right.

Morris: Did the agency secretaries make most of these meetings or would they assign deputies?

Adams: Oh, they made all of them unless it was something just drastic that they couldn't be there. The budget development period was a very intense period. Everybody was involved and you worked long hours.

Morris: Was this part of the regular cabinet meetings?

Adams: No, these were special meetings on the budget that had to be [separate] because you couldn't fit them in with a broader agenda that you usually had for a cabinet meeting.

Morris: I can believe that. Were there some preliminary sessions on things like what they now call budget assumptions?

Adams: Yes.

Morris: How were those developed?

Adams: Those were usually developed by the sub-cabinet. The assistant secretaries, the Department of Finance people, and the governor's staff people were usually involved in those things, but those are always considered just budget development-type meetings and discussions.

Morris: But the governor wouldn't have some specific things he was trying to do in this year's budget, like cut it back or keep--?

Adams: Oh, yes, we had some guidelines from the governor's office as to how the budget was to be developed. I don't know whether you remember or not, but we had some very serious problems. One was the peaks and valleys of income that we discussed. The other was that the state was in debt. The state water project was in serious trouble financially. So there was a lot of these things that had to be done. There was a serious effort to cut back in a lot of places. We put together a task force--Bill Gianelli was the director of the Department of Water Resources and put together a task force to try to solve the financial problems of the state water project, which



- Adams: were very serious problems financially. It would appear to be that the state project was going to run out of money very quickly and that if the projected program had continued, it would have been bankrupt. They would not have been able to complete the project. So those things worked out; we solved the problems, sometimes painfully!
- Morris: Would the budget sessions sometimes be noisier than some of the regular agenda sessions?
- Adams: No, usually very subdued--the budget sessions. You were concentrating on the various things. You had a lot of papers in front of you. That took a great deal of attention, and usually they were very low key. Some of the other cabinet sessions where you were discussing programs, this program versus that or a new program versus this, it a lot of times got into a philosophical argument. As you know, people will start hollering at each other when you get into that.
- Morris: Yes, it's a very interesting question, how somebody who is focussing on business and transportation needs and programs sees the kinds of programs that are under the health and welfare department.
- Adams: Yes, that was interesting. Of course, being part of the cabinet where this whole spectrum was discussed at various times, in various aspects of it, the Secretary of Transportation was very knowledgeable about all of the other programs. Usually his input was at a low level unless there was something he felt strongly about as far as spending priorities were concerned. Where a priority was assigned to this program in the name of dollars, he might have some considerable input to say, "Why is this the most important? How do you serve the people? What is most important in serving the people? You spend X amount of dollars in this program versus this other program." So there were some very legitimate and very intense discussions along those lines.
- Morris: Would the different cabinet secretaries in general be the advocates and exponents for the territory under their--?
- Adams: Yes, and that created problems. The general concept was that the agency secretaries were an extension of the governor's office, yet because they had so much communication in dealing day-to-day with the departments and their programs, it was hard for them not to be advocates of those programs. They pressed this in their favor to the extent that maybe they weren't as objective as they should have been. For instance, I think the governor's staff serves a very vital function, if they are a competent staff, in being objective in this area, in deciding priorities particularly, because they are not a part of any of the departmental programs and so forth. So they can take an objective view of the whole thing.

Morris: In other words, you are saying that part of your function as secretary to the cabinet was to mediate between some of these conflicting concerns?

Adams: To a degree. Some of them never reached actually cabinet agenda. Some things could be solved without taking up the agenda time for it. Yes, in that sense there was some mediation, but if it came to the cabinet level, to cabinet discussion, really the only mediator was the governor.

Morris: How did you decide which things would go on the agenda?

Adams: I had pre-meetings with the cabinet secretaries.

Morris: Just the two of you?

Adams: No, I generally had a meeting with the five people at least a day or so prior to the cabinet meeting. We used to try to meet twice a week. Sometimes we only met once a week. But I had a meeting with them and they had prepared their agenda items that they wanted to include on the agenda and we discussed them. It was really not a difficult thing. Some items were not urgent enough. Some were more urgent than the others, and we had an agenda. We wanted to keep the meetings within a reasonable time frame and we decided which ones would be on this agenda and which we'd move back to a later agenda and some that, in discussion among all of them, we decided that we could dispense with because we could settle the problem right there and there was no need to take it to the cabinet meeting. So those were generally just little workshops is what they were; they worked out very well.

Morris: When you say "keep the meeting to a reasonable length," what was the ideal cabinet meeting length?

Adams: [pause] We tried generally to keep them within four or five hours at the most. Sometimes we didn't make that. [chuckles] But sitting around a table, indulging in rather intense concentration on things for a long period of time becomes counterproductive, I think.

Morris: So this was four or five hours twice a month roughly?

Adams: Most of them were once a week, especially in the early years it was.

Morris: Then each of those was backed up by one or two preliminary meetings without the governor.

Adams: Right.

Morris: Then all of the participants in the preliminary meetings had staff time to prepare what they were going to submit.

Adams: Correct.

Morris: That is quite a lengthy process.

Adams: It is. We were very flexible. I think we could act quicker than probably any cabinet-type setup before. If I had any indication for the need for it, either from the governor or the executive secretary or a cabinet member, I could call a cabinet session mostly in two or three hours notice; and we had special cabinet sessions on items that needed immediate attention. It didn't have to wait until the regularly scheduled meeting was concerned.

Morris: What kind of a thing would be urgent enough that you would call a meeting like that?

Adams: Whew! Some come to mind. [pauses to recall] Of course, you always have emergencies such as floods, fires, riots, and everything of that sort which is there. And all of a sudden a program that's changed or something from Washington comes up that changes a state program, where you had to make a decision on matching funds or state participation or non-participation. There was a considerable lot of that stuff that you had to consider that required sometimes a cabinet meeting to discuss it and to make a decision on it.

Morris: How often would there be the need for that kind of thing?

Adams: I can't remember exactly, but it seemed to me like we had one or two cabinet meetings per week.

Morris: That were on this instant basis?

Adams: Some of them were, some of them were a little longer. But the cabinet generally, when I was cabinet secretary, met at least once a week and sometimes more.

Morris: Once a week on the fairly organized basis and once a week on the short call?

Adams: The special meeting, the short call meeting.

Morris: I think maybe that might be a good place to stop for today. If you are willing, I would like to come back and talk to you some more about some of the specifics and about that management program.

Adams: Okay.

Morris: I don't want to wear you out.

Adams: [laughs] Yes, I'm getting a little tired. ##



## V U.S. STATE DEPARTMENT SERVICE IN EGYPT, 1949-1953

[Interview 2: February 25, 1982]##

Adams: It was a very interesting period as far as I was concerned. That was the time they kicked Farouk out, while I was there. Nasser and his group took over. It was interesting because of the thirteen officers on the junta that took over, I knew five of them fairly well. Out of that developed a very interesting experience.

Morris: The American position must have been rather delicate at that point.

Adams: Extremely so. When I first went over there, of course, the Egyptians were still smarting, to say the least, at their defeat in 1947-48 by Israel. The Americans were not very popular. They blamed us for a good portion of that defeat. Yet we had begun to re-establish some relationships with them and pretty soon we had the whole thing turned around. By the time I left over there, we were very popular. So it worked out very well. To me, looking back over my career, the four years that I spent over there probably contained the work that was the most interesting. It has become the highlight of everything I've done or surpassed anything that I have been involved in since.

Morris: You didn't want to stay in the State Department?

Adams: I was not a State officer. They are hired somewhat like the military. If you are classified as a foreign service officer, that means career officer in the foreign service. I was classified in the other category which outnumber the career people.

Morris: The just plain civil service?

Adams: It wasn't exactly that. In fact, I was in intelligence, so I had kind of a special status.

Morris: That's got its own--

Adams: Yes, it's got its own orbit. So it was extremely interesting. I liked the Egyptians. Before I went over there, in addition to attending intelligence schools for a considerable time, I took a language course, a conversational language course, in Georgetown [University] for six months. What you get out of that is helpful-- if you don't try to rely on it too much, and realize your limitations. First, you have no basis in the language and so--

Morris: This is in the Egyptian--

Adams: Arabic. So if you realize you can't read it and you can't write it, (there is no attempt to teach you to do that, and it would be rather difficult). That would have been long years of study to do that, but you can become fairly proficient in conversational Arabic. Of course, the Arabic--Egyptian Arabic--is spoken differently. There are all kinds of dialects and variations from classical Arabic; only scholars learn that. It's almost a dead language like Latin. Only scholars can really speak, read and write classical Arabic. So what I was working in was this colloquial language that is used in Egypt, and it worked out. Now, it was unbelievable the reaction from the Egyptians if you could speak their language. All suspicions of you seemed to disappear. The Egyptians are by nature and historically suspicious of foreigners, and that's natural if you understand the history of Egypt. They have been occupied about 90 percent of the time by foreign armies and ruled by foreign governments. But if you could speak their language-- That was something that always amazed me because England ruled Egypt for years, I don't know how many years--fifty or hundred or some damn thing--and had control of it. But you couldn't find one Britisher in a hundred that could speak the language.

Morris: It's been difficult for Americans too--

Adams: There were only two people in our embassy that could speak it. Our protocol officer in the embassy spoke Arabic fluently. I could speak it a little and we were the only two that could, in the embassy of almost four hundred people. When we'd speak to the Egyptians in their language, they became very, very friendly and open. I noticed that their educated class, which is extremely well educated--most of the three to five percent of the top people speak several languages. They have attended schools not only in their own country but in France and England and Switzerland and the United States, and most of their medical people, doctors, were trained outside of Egypt because they just weren't equipped to do that there. Surprisingly, a lot of them were graduates of medical schools and internships in the United States. So it was interesting when you spoke to these people, how open and friendly they would become when you could converse in their language.

## VI REAGAN AND THE 1968 REPUBLICAN NATIONAL CONVENTION

Primary Election Issues

- Morris: You mentioned earlier that when Reagan was governor, you were his advance man at the '68 Republican convention. Did you have some suggestions for him on possible foreign policy questions?
- Adams: No, I don't remember that we really ever did discuss this in detail. At that time, the political situation was that almost everybody believed that Nixon had the nomination wrapped up before the convention, and it turned out that it was true. However, we did make an effort to ~~move~~ move Governor Reagan into that position. I'll admit it was (and we all knew that the effort was) too little and too late, yet it served two purposes. One, we used that to try to modify or insert into the Republican platform a lot of Governor Reagan's ideas or at least to prevent from getting into the platform things that he would be very much opposed to.
- Morris: What kinds of things were you particularly interested in getting into that platform?
- Adams: Mostly, I think [it] had to do with domestic policy. There were some foreign things. Of course, we were in the midst of the Vietnam war and that was just pure dynamite any way you looked at it politically. So my job was twofold down there. I didn't play a major role by any means. My job was to attend the meetings. It was chaired by the-- oh, the absolutely priceless Senator from Illinois--
- Morris: Everett Dirksen?
- Adams: Dirksen. [laughs] It was just something to sit in the audience and watch him operate. He was a fantastic person.
- Morris: He could keep control of what was going on?

- Adams: Oh, he could keep control and his sense of timing, his sense of when he should put his two cents in to keep things going like he wanted it going--So it was absolutely entertaining. It was almost like theater as far as I was concerned.
- Morris: He was an old hand at national conventions.
- Adams: Oh, he certainly was. So I had contact with the staff, the platform staff, on a daily basis. I reported back by phone to the governor's office here what was happening every day.
- Morris: Who was keeping track of things in the governor's office?
- Adams: Primarily Ed Meese. So I would tend to things and then I would spend considerable time on the phone reporting what was happening down there and as much insight as I could get as to why things were happening, and keeping him up-to-date on history because one of the first things that was planned, when Reagan arrived there, [was that] he would appear before the platform committee itself. So it was important that he was well versed in what had gone on and why and what the proposals were and the various approaches to the so-called planks in the platform. So that was my job. It was more of a technician's job than anything else.
- Morris: Had he yet evolved some positions on things like welfare and Medicare?
- Adams: Yes, I think basically, as I look at it now, the governor's positions on domestic policy were pretty well formed even before he became governor.
- Morris: Yes, and he had some concerns about the way things were going in the federal government.
- Adams: Right, even at that early date and before. As I said, I had known Governor Reagan since 1962, four years before he became governor and [in] my conversations with him I think his views on such things as Social Security, the Johnson legacy of the Great Society and so forth were fairly well formed even before he was governor and [were] certainly reinforced and advanced considerably as things developed during his years as governor.
- Morris: In 1968 in the California primary, how come it was an uninstructed delegation nominally headed by Governor Reagan, a favorite son, rather than a Nixon delegation?
- Adams: Governor Reagan had established a policy which he never varied. He never took sides in a Republican primary. Now, if you will notice, I don't believe that you can find any instances where he ever endorsed

Adams: a candidate in a contested primary no matter--all the way down to assembly level. So that was his desire to do that and his reasons for it, I think, were to lower the level of division within the party.

Richard Nixon and Reagan

Morris: I looked at the election records for that year a while ago and I was surprised there was no slate of delegates pledged to Richard Nixon. Was that something that Reagan and Nixon had worked out because Nixon was very definitely looking for the nomination?

Adams: I think it was just a general backoff from both of them. If they went at each other in a primary here to get control of the California delegation, it would only create far more problems than it would solve. I am quite sure that Nixon would have lost if that had happened. He would not have won that against Reagan because Reagan was at that time, and probably throughout his governorship, was extremely popular within the Republican party.

Morris: So the practical wisdom was that he in effect had control of the Republican organization?

Adams: That's true, and Nixon didn't challenge it. That was wise on Nixon's part, too, I think.

Morris: Were there any meetings between them or did you sit in with any people--?

Adams: No, I don't remember sitting in any meetings between the two.

Morris: That's interesting because Nixon had been active in the party.

Adams: Yes, he's a Californian, but there was no question at that time that as far as the party--activists in the party in California--Nixon wouldn't have stood a chance against Reagan.

Morris: So the people like [Holmes] Tuttle and [Henry] Salvatori didn't want to back Mr. Nixon for the presidency?

Adams: I think they took the same line, that they would have preferred Reagan.

Morris: As far back as '68?



Adams: Yes, but they would not have--people of that type don't like to get committed in primaries because it hurts their effectiveness in the general election.

Morris: Mr. Nixon is known as having had some very tough people on his staff, tough infighters in politics. They gave up without a--?

Adams: Well, most of those were Californians. They understood the situation and they had no stomach to take on a fight that they couldn't win, and that is true of most politicians most of the time. [laughter]

Morris: Practical is the operative word.

Adams: Right. It was a situation where really there would have been no winners and everybody would have been a loser. At that time, the Republican party was recovering from the Goldwater debacle and no one really wanted to upset the apple cart. The party was coming together. It had achieved some purpose and there was new life and new money and everything in it, and no one wanted to tilt that boat at all.

Morris: There were some people in the California government who were close to Nixon, like Bob Finch.

Adams: Bob Finch was one, Cap Weinberger was another. Cap left and went to Washington.

Morris: So did Bob Finch.

Adams: So did Bob Finch. So there were quite a number of people who had a long association with Nixon. I was never close to Nixon. I never worked with him, I never worked for him on anything. But I had always thought that Nixon was a brilliant man and I still think so. In the foreign policy area, he was probably the most knowledgeable and most proficient president we've had since Roosevelt. But he had certain personal traits and characteristics that eventually were his downfall. It was a shame because--I don't know that you'd call him paranoid; I don't know whether that's an accurate description or not. But it certainly eventually was his downfall, a man who had the ability, I thought, to be a great president in a lot of ways, especially in the foreign policy area. But he defeated himself.

Morris: After he did get elected, was there any friction between his people and Governor Reagan's people?

Adams: Oh, I think mostly it was more the normal amount of friction that is normal between the states and the federal government. There is always animosity to some degree, dissatisfaction between the states and federal government involving programs and primarily involved



Adams: around money; there always has been and probably always will. It's been there no matter who was president and who was governor. So there was that usual amount and I don't think there has ever been any--I would never classify it as a friendly, personal relationship between Reagan and Nixon.

Morris: It is not a friendly relationship?

Adams: Well, it was never personal. It was always very formal. They were never close personally at all. So that didn't afford any problems because--

Morris: Because they had never been that chummy before?

Adams: No, they never were, and especially after Reagan's somewhat too-late-and-too-little attempt to take the nomination away from him in 1968. Whatever relationship might be there was rather strained as you can--

Morris: That was what I was asking about, if after--?

Adams: Yes, there was not a close relationship between the governor of California and the president of the United States during that period when they were both in office.

#### Staff Support

Morris: When you said that "we were staying in touch on what was going on in Miami," who else was "we" besides Ed Meese in the office?

Adams: The usual staff there. It was Bill Clark and Ed Meese, they were the two primary people.

Morris: They thought that it was worth having a try at the presidency at that point?

Adams: Yes, now I remember a conversation when Bill Clark, when the staff and the governor arrived in Miami. The same afternoon I had a conversation with Bill Clark and we were talking about what I had observed and the reports I had submitted and the information I had passed on to them.

I remember saying to Bill then, I said, "Bill, there is no way in the world that the governor is going to succeed in this. He's not going to get the nomination. Nixon has got it locked up. I have talked to advance people from every state in the union and there is just no way that he can win."

Adams: If I remember it correctly, Bill's response was, "You're probably right. However, we think it's worth it to make an effort." Now, of course, there could have been a lot of reasons for that.

Morris: Such as?

Adams: Such as a nationwide exposure for Reagan. This was a platform where you could get nationwide media coverage and all this sort of thing. That was probably what figured largely in their decision to make this effort to do so.

So he asked me, he said, "In your opinion, do we have any chance at all?" I said, "No."

So he said, "Have you had pretty wide contact with all of the various state delegations?"

I said, "Yes, I have had quite a bit of contact with them, especially their staff people." I think that was just about the extent of our conversation on it.

Morris: The contacts you had with other people's advance people were that nobody was going to split their vote?

Adams: No, there was no way. They were committed. They had made the commitments. Nixon was calling in all of the IOUs he had. He had a lot of them, because Nixon had spent the previous four or five years practically touring the United States. He appeared in every state. He had assisted and helped raise money for practically every Republican candidate for governor, Senate, Congress. So he had done a great deal for the party during that period and those are pretty strong IOUs. You've got a lot of chips out there that you can call in, and he was using them--naturally. That's what he was doing it for. So there was no way that they would break away.

Morris: How about Tom Reed? Was he sitting in on any of--?

Adams: Yes, Tom Reed was involved in it. I really couldn't be very specific about what role he played during the thing, but he was certainly present and he was involved.

Morris: With the Reagan group of people?

Adams: Well, that was the reason I say I can't be specific, because Tom Reed wound up in the Nixon administration.\* I don't know exactly what role he was playing. I don't know whether he was trying just to be a liaison between the two or exactly what his role was. I don't know.

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\*In the Department of Defense in 1974 and as Secretary of the Air Force under Gerald Ford.

Morris: There seemed to be some people who functioned politically primarily on a national level. Various things I've come across about Tom Reed sound like he came from Connecticut, and his father was active in national--

Adams: That's true. He did function on that. I was never close to Tom Reed; I had very little contact with him, so I really am not qualified to say a great deal about what role he played or anything.

Morris: But he was around during the '68 convention?

Adams: Right.

Morris: In Miami?

Adams: Yes, I definitely remember seeing him in Miami, I'm sure.

Morris: Thank you. That's a very useful diversion, but it does lead into what I wanted to talk to you about this morning.

## VII GOVERNOR'S OFFICE DYNAMICS

### Agency Secretaries and Department Directors

- Morris: Last time we talked quite a lot about the agency secretaries and trying to develop a working span of control. I wondered how that worked with the governor's office staff itself which was quite sizeable, if there was kind of an organizational grouping, that various people reported to one person or another so that it wasn't just a--?
- Adams: The concept was, as you know, and I think we've discussed it before, that the agency secretaries really functioned as an extension of the governor's office. They were policy people and they were not supposed to take a daily role in the various departments within their agency. The legislature mandated the department director as the principal officer, as the executor to execute the laws passed by the legislature, and this was reflected also in the budget. So the agency secretaries were primarily an extension of the governor's office to implement policy, overall policy as far as the operation of that, but not the day-to-day operation of the departments, nor did they have budgetary decisions. That was not their responsibility.
- Morris: The agency secretaries didn't have a budget review over their departments--?
- Adams: They reviewed, in general, only when the budget was being prepared. Now, after the budget was passed and set, then the execution of that--
- Morris: The spending of the money, in other words?
- Adams: In other words, the spending of the money was the priority or the prerogative of the--
- Morris: The department chairman?

Adams: The director. Now, to be very frank about it, it didn't always function that way. That's a very damn thin line. It's hard sometimes to separate policy from daily execution of line duty we call it, line decisions. So it was sometimes difficult, and also it depended to some extent on the personality and how forceful a department director was. I think an example was that, say, Bill Gianelli, who was the director of the Department of Water Resources-- Bill is a very forceful person. I don't think that the agency secretary really had much influence on--

Morris: On what Gianelli was or wasn't going to do?

Adams: Right.

Morris: Gianelli had been in the water business a long time and he knew the water establishment.

Adams: He knew the water establishment and, in addition, he was a forceful person and he developed a close relationship with the governor. I've seen them together a lot of times--they seemed to like and enjoy each other outside of discussing the policies--on a personal basis, in other words. Then you take another, say a director of a different department, who did not have the relationship with the governor or was not as secure and as knowledgeable in his position as say Gianelli was, they would go to the agency secretary and they would listen very closely to what the agency secretary said.

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Morris: Would there be times then when Bill Gianelli would come to a cabinet meeting to speak for something, even though Mr. Livermore was also there?

Adams: This is where the thing showed up. We had a policy at that time if there was a cabinet item that involved something of major importance involving a department, we always brought that department director in. You can never eliminate the human element or the personal element and the characteristics of the people you are dealing with. Now, some of them would come in and they would just sit and listen. They didn't become forceful in the discussion, where Bill Gianelli was just the opposite. He was right in there getting his points across as strongly and as forcefully as he could, where others would sit back, say nothing, rely on the agency secretary to present their viewpoints.

Morris: How about, say, in Health and Welfare, Spencer Williams in relation to the Welfare Department director?

Adams: Yes, Spencer Williams was active in cabinet sessions and he pretty much represented his department heads. So I don't know how much work prior to the cabinet meetings where these subjects were to be



Adams: discussed and decisions made. Maybe Spencer did more work with meetings with his department heads over there and he had arrived at a common ground before the meeting happened or not. If I remember correctly, and I think I do, generally Spencer presented the departmental views and the department director rarely had anything to say.

Morris: They would just be there?

Adams: Would be there mostly for technical reasons. In some of the other areas, you had strong department directors. They were not reluctant to speak up.

Morris: In Agriculture and Services, I gather, when they were studying the reorganizational plan, there seems to have been a feeling that Agriculture was concerned that they maybe were going to get lost in a large agency.

Adams: Oh, yes, this is true. Now, under Pat Brown, Sr., he had the (quote) "eight agencies." But really he dealt, or tried to deal, with about forty people, department directors, chiefs of boards and all of this sort of thing. I never attended one of their meetings, but it must have been more like a convention than it was a serious working committee. A lot of his department directors had direct access to him. They could go directly to him. Of course, he had another thing. A lot of people say it and I think there is a lot of truth in it, that Hale Champion was really, as far as the day-to-day operation of the governor of the state, that Hale Champion really ran the state, and I think that's probably true.

Morris: Earl Coke had been in the state government for a long time and then Reagan appointed him as--

Adams: No, Earl Coke was a banker.

Morris: He was?

Adams: Yes.

Morris: Okay. His name turns up on a lot of government committees concerned with agriculture as early as the 1950s.

Adams: He was involved in agricultural banking is my understanding.\* He had strong ties and strong recognition in the agricultural community, so then his first job, I believe, in the government was as the head of

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\*See J. Earl Coke, Reminiscences on People and Change in California Agriculture 1900-1975, Oral History Center, University of California, Davis, 1976.



- Adams: the Department of Agriculture. Then when the agencies developed, a lot of other things were in there with it. But he was the spokesman for the agricultural industry.
- Morris: Mr. Reagan felt it was important to take their man as his appointee?
- Adams: Up until then, the Department of Agriculture director was considered to be a cabinet officer under Pat Brown. Then they saw themselves in this agency setup as being lowered on the scale as to where they would no longer really be a cabinet officer. They would have to work through their agency secretary as far as the cabinet was concerned. But as soon as the governor announced that Earl Coke was going to be the agency secretary, that all quieted down. There was no problem with it, because the farming groups and other associations apparently had a lot of confidence in Earl Coke. They had known him for years, knew what he stood for and so forth.
- Morris: Did he take much of an interest in some of the issues that were coming up from the other agencies?
- Adams: Yes, that was always kind of a point that was difficult in a way to handle, because of the human element again. Now, you were sitting there--put yourself in the place, say, of Ike Livermore who was the Secretary of Resources and the item on the agenda was welfare or some other aspects of the Health and Welfare Agency. Now, Ike might feel in the budget realm that he might want to put in something versus the priority of allocating money between say Resources and Welfare. He really didn't, I don't think, feel qualified too much to get into the decision making on we might say the guts of the social welfare agency. So it was a mixed thing.
- Some of the cabinet officers would contribute something. But generally, if it was strictly something within that agency and the departments within that agency, the other cabinet secretaries usually didn't try to contribute too much, unless they felt that what was happening on a budget priority, they were going to hurt.
- Morris: Yes, your budget is central to what you are able to do in an agency. Then, also, in some of the reorganization material I read, Gordon Luce testified to one of the legislative committees that under previously existing statutes, he had more authority over his departments, the departments in the Business and Transportation Agency, than other secretaries did. He was asking if that was intentional or was it not, which I thought was an interesting point.
- Adams: I think that's a very interesting point because, although under the reorganization plan the agency secretary did not have line authority over the department directors, they did have policy authority over them. And that particular thing came from the reorganization plan

- Adams: that said that they functioned as an extension of the governor. So ultimately, the final authority is the governor. So if they were speaking as representing the governor, obviously the department head had better listen. So in that sense, he was absolutely correct.
- Morris: But were there some special concerns about Business and Transportation as an agency?
- Adams: Oh, I think there were in all agencies, in various departments of all agencies, but I think probably you were changing a lot of things. The Department of Transportation, or Department of Public Works we were talking about at that time, had like Agriculture been fairly independent and answered to no one but the governor. So I think what you were trying to do, and probably what Gordon was doing then, was to fix in people's mind that there was another level of communication here, that they no longer particularly could go directly to the governor because it had to be worked out before it got to the gubernatorial level.

Staff Specialization: Education, Communications

- Morris: The other half of that is that there were twenty or thirty at least of you in the governor's staff. Did you have some lines of reporting and responsibility within that group?
- Adams: Yes, the governor's executive secretary was chief-of-staff of the people over there. Okay, then he had usually an assistant. Then the staff broke down into very specialized areas like legal, legislative, education, all of the various areas in which we had staff secretaries over there. Now, outside of the executive secretary, the only general person, as it was organized at that time, was the cabinet secretary.
- Morris: Yes, and you were not the assistant to the executive secretary. You were a separate--
- Adams: Right, I was the cabinet secretary who had general responsibilities in the broad spectrum of state government and generally worked directly with and through the agency secretaries. Frankly he functioned somewhat as you might say a chaplain. [laughs]
- Morris: The cabinet secretary?
- Adams: The cabinet secretary, because the department heads would call you and they would say, "Okay, here is my problem." They call you and ask you, "Let's have lunch, or can I come over, or will you come over here? I've got something I want to talk to you about." So you listen.

- Adams: I said you function somewhat as a chaplain. You listened and if it seemed prudent, you gave some advice or you didn't. It was very helpful as far as I was concerned as cabinet secretary, because this gave me insight as to what was behind the issues that worked themselves up for cabinet consideration. Since I was responsible for preparing the cabinet's agenda, it helped me a great deal in that area, too.
- Morris: It sounds like you would have had to work very closely with Bill Clark and then later Ed Meese in terms of their perception of issues. How would that work?
- Adams: Well, it was just a matter--We had staff meetings every morning and sometimes we had staff meetings every evening, too. [laughs] We used to have breakfast meetings at least once a week. We would all meet at say six-thirty or seven in the morning, say the top eight or ten or twelve staff people over there. We would meet at breakfast and all of these things would be discussed.
- Morris: Where did [Alex] Sherriffs fit into something like this? As education liaison he almost seems like he might be in lieu of an agency secretary in education.
- Adams: I believe his title was special assistant to the governor for education.
- Morris: Right.
- Adams: Alex, you know his background, I assume.
- Morris: Right, he was at the University of California.
- Adams: He was an important man in the hierarchy over at Berkeley.
- Morris: Right, and a well-respected professor of psychology before that.
- Adams: He was a brilliant man, I thought. He had some ideas about education or what was wrong with higher education in California and where it should go and so forth--very strong ideas. I really don't know where his contact began with Reagan. Governor Reagan had some strong ideas, too. So when they got together apparently their ideas went along the same lines. So he offered Alex a--incidentally, Alex and I became very good friends--Reagan offered Alex a position on his staff and Alex accepted it.
- Morris: There you've got a separate constitutional officer as head of the Department of Education (I am trying to make some order out of this, too). If the governor's concern was to have respective liaisons in control of all of this stuff he was responsible for, it seems like his liaison for education would be quite an important person.

- Adams: You are talking about the superintendent of education?
- Morris: Right, since he has no authority over the superintendent of public education, that would mean that Alex--
- Adams: Of course, the superintendent of education has nothing to do with the university system.
- Morris: Right, so Alex's main function was--?
- Adams: The universities. Alex had little or anything to do with say K through 12. His primary concern was the state colleges and the university system. He was a source for the governor, a very strong source, in my opinion. In fact, he was the principal person to develop the governor's educational policy as far as higher education was concerned.
- Morris: So he would report directly to the governor?
- Adams: That is correct. Well, Alex worked with us on the staff. All of us know what we were doing. In fact, [laughs] Alex kind of had a typical professor's attitude. He always had one or two people that he would try out all of his ideas on and I was one of those. He did part of the speaking and he used to try--I don't think he ever made a speech while I was there that I didn't get a chance to look at it and read it and ~~think~~ <sup>think</sup> it over and comment on it to him, prior to it [being] ever finalized. Of course, he primarily wrote--did all the spade work--in writing the governor's speeches as far as higher education was concerned.
- Morris: Then there's a whole group--There's Rus Walton and Jerry Martin and Paul Beck and Lyn Nofziger who seem to be concerned with information in and information out in the form of public-information pieces. Did they function as a group?
- Adams: Rus Walton functioned mostly as kind of a--he and his two or three people that were in his section--functioned more or less as kind of a think-tank operation. Beck was, of course, a press secretary primarily. He was press secretary and in this area he functioned primarily as--his relationship was with the media of all types. Now, Lyn Nofziger was something different. Of course, his background was the press, too. He was a newspaper man. But he functioned somewhat in the political arena and--really, [laughs] I don't know, saying this I don't know where it's going. He was somewhat of a devil's advocate or a gadfly.
- Morris: In what sense?
- Adams: Everything that would come up, and especially in staff meetings, Lyn seemed to function as the devil's advocate more than anything else.



Morris: As to why this wouldn't work?

Adams: Yes, why it won't work. He'd say all of his reasons why it won't work, that it's not a good idea, politically it's a bad idea--all of these sort of things. That's a very useful function, and he'd function more in that area than anything else. He didn't have really in my opinion and hindsight, he didn't have a great deal of daily responsibility. You might characterize him as what they call a free safety in a defensive football game. He just kind of rolls around everywhere!

Morris: Would he have been in part of the group that was keeping an eye on things, say, for the '68 convention?

Adams: Yes.

Morris: So he spent a lot of time with people outside the office, staying in touch with them?

Adams: Yes, that's true. We also had Bob Walker who worked in that area, too.

Morris: Some of the memos that I have read that came out of Jerry Martin's office sound like Martin was also concerned with what the impact of a decision would be.

Adams: That's true. He worked mostly with Walton; they were the people in that area. They also produced--they functioned in ideas, presenting the positive side of the governor's administration. In other words, they were salesmen selling this to the public and special interest groups and everybody else, in the party and all this sort of thing.

Morris: In other words, in a staff meeting, if the question was, "this looks like it is going to be a hot issue, will you take a look at how we can present it?"

Adams: Yes, how you can package it, how you can present it, how you communicated to the various groups that you had to work with.

Of course, politics is a many-sided thing. You have to work with an almost endless variety of people. Communication is extremely difficult, because you somehow or another always miss one link somewhere along the line and then somebody is going to be mad and they are going to shoot their mouth off. It takes a lot of effort to try to prevent that.

Community Relations

- Morris: How about somebody like Bob Keyes, who is on the schedule as community relations?
- Adams: Yes, that was a staff position developed by us to have a communication link with (quote) "the black community." Then Bob filled that role. He spent a lot of time traveling up and down the state meeting with black community activists of every type. He got their views, he knew their views, he established communication with them, and he imparted that to the rest of us.
- Morris: One of Pat Brown's people tells about being taken by the hand to a Black Panthers' meeting a couple of years before and that this was kind of a startling experience. Did Bob Keyes get involved with activists all across the spectrum?
- Adams: I doubt Bob had any contact with people like the Black Panthers or this Malcolm X-type of operation. I doubt if he did. I don't remember anything ever coming out on it.
- Morris: Did he have any assignment to deal with the Spanish-speaking community or some of the Asian groups?
- Adams: Yes, he did and he also was one of the few people who had direct access to the governor. Now, if he had something on his mind, he could get in to see the governor.
- Morris: About what was coming up in what he was working on?
- Adams: Incidentally, I lost track of him.
- Morris: I believe he's dead. My impression is that he was one of the younger fellows around.
- Adams: He was young. Bob was no more than thirty I don't think.
- Morris: Molly Sturges has been our primary resource on where who is and I don't know that she had any information but that he had died.
- Adams: I wonder why. I doubt he's any much more than forty-one or two if he was living now.
- Morris: That was my impression. It breaks the heart, because it would really be very valuable to talk to him.
- Adams: Very valuable. He was very, very sincere and a sharp young man in my opinion. I thought a lot of him.



Morris: Where had he come from?

Adams: He was born and raised in Bakersfield, if I remember correctly. He was an athlete and he went to a community college, I think, in Bakersfield. He had an outstanding athletic career and he was a good student; I can't remember what university he went to. Then he played some professional football for the Oakland Raiders.

Morris: He and the governor would have liked each other's experience on the football field?

Adams: Right. We got him because he was involved in community relations down in southern California. I'm very vague on that, so I really couldn't say.

Morris: I thought he might have come from San Diego.

Adams: No, I think he came from the LA area. So he was brought into the staff from there. He was a forceful person. He had a lot of ideas and he wanted somebody to listen to him, and he could always talk to the governor. The governor was very receptive to everything he said. So I think he--

Morris: What was he articulate about?

Adams: Generally along the lines of the problems of the black community. I think Bob had some strong ideas that (quote) "welfare" was not the answer to the black community's problems, that jobs--realistic jobs--business opportunities, business development were; in other words, welfare was a dead end street. And it is.

Morris: But that you could find black people who were trained and--?

Adams: Qualified. And the idea of--it bordered into education. He said, "We've got far too many black people going through the educational process and coming out with nothing." He wanted them more involved in the hard sciences and all the areas where they'd really produce and that qualified them to function in our economic system. He had some very strong ideas on that.

Morris: Would he also have been somebody that Ned Hutchinson or Paul Haerle could go to for contacts and black appointees?

Adams: Definitely.

Morris: Would Mr. Keyes be articulate in cabinet meetings and raise some of these questions in the cabinet meetings?

Adams: Oh, yes, definitely. He was very forceful sometimes.

Morris: He didn't stay through the whole administration. Would he have gone in the [military] service if he was that young?

Adams: No, I don't think so. As I recall, he got a very good offer in the private sector somewhere and one he felt he should accept; it was in the second term of the governor's administration and he felt that, I guess, it was time for him to move on, and he had an opportunity. Now, as I said, it's kind of vague and I can't remember what it was. But it was with some company, a good company and a strong company apparently, and it was an excellent opportunity for him for his long-range future.

Morris: Right, and good experience in the governor's office. Let me start a new tape.



Ben Win - So you'll remember, is your present  
chair quite as hot as the old one? -? Ben

Governor's Cabinet, 1969

Around table from left: Norman Livermore, Gordon Luce, Ronald Reagan, Spencer Williams, Earl Coke, Caspar Weinberger. Left rear, Win Adams.







Senate pro tem Hugh Burns signing a favorite bill as acting governor. At right is Vernon Sturgeon, Governor Reagan's legislative liaison and a former state senator, Win Adams center.



Governor Reagan meeting the press with Cabinet Secretary Adams





## VIII CABINET PROCESSES AND SOME ISSUES ##

Consensus Decision Making

Morris: With the agency people and the people with all the different responsibilities in the governor's office, how did they all function when they got to a cabinet meeting? Who took the lead? You have suggested that the agency secretaries didn't feel terribly comfortable always on questions having to do with areas other than their own agencies. Did that mean that it would be the staff people who were raising some of these things?

Adams: It was primarily the staff people. The staff people, the executive secretary and the cabinet secretary, which was me (at least I can only speak for the time I was there), we took the position usually somewhat as the devil's advocate. The agency secretary who was the principal involved in whatever item that was being discussed presented it from his point of view. Then for questioning of that point of view, it usually fell to the cabinet secretary or the executive secretary or if it was in an area like education, Alex Sherriffs. If it involved media--we might say media; I don't like that term--media ramifications--

Morris: The communications aspect.

Adams: Yes, the publications aspect, the press secretary--all got into the discussion of the substance of what was being proposed. Course, I think you get various pictures of people who are actually functioning in this area. The staff people, being (quote) "part of the governor's staff" on a day-to-day basis, we were not very inhibited in our questioning of a department head or an agency secretary, or pointing out what we thought were flaws in what they were proposing, or bringing up other aspects of it that they would rather not discuss. So there was a great deal of staff input into that decision.

Morris: Did there sometimes develop a feeling of us against them, the staff people versus the agency and department people?

Adams: I don't really think so. I don't remember that type of feeling. Usually, under the circumstances of the built-in conflicts that were obviously there all the time, I think it functioned extremely well. I think that personal relationships of the people involved in it remained extraordinary. We could go through some rather heated arguments sometimes, but it never seemed to reflect on anyone personally or any personal animosity between two people.

Morris: It sounds as if the agency people would come in with their best proposal and then the staff people would respond to that.

Adams: Right, correct. Of course, the agenda, when it was prepared and more or less finalized, which was my job, actually it was circulated to all of the staff people.

Morris: With all of the attached memos and such.

Adams: Right, where they would have the full background on the thing. So they had several days to look it over. By the time the meeting was held, everybody had pretty much done their homework and they were able then to contribute constructively to the decision making process. Eventually, of course, the governor was always the final authority, the final decision maker. However, it really was not him laying down the law. The one thing that I tried to foster (I think it slipped after I left), I never wanted an issue to come to a vote within the cabinet.

Morris: Why is that?

Adams: I just had the feeling that if you pushed people to the point where they had to come down to a vote, then it placed them in an awkward position and it placed the governor in an awkward position. In other words, as you were saying, if there were five people involved (and you could always include the executive secretary in the thing), if these three people wanted this and these three people didn't want it and so forth, I think it put a strain on relationships. What I always tried to do is to guide it as to where there was an obvious consensus.

The governor could see what the consensus was without having to put too much pressure on any individual by spotlighting him or too brutally knocking down his arguments and stuff of this sort. Generally I would say that 99 percent of the issues were decided on a consensus rather than on a [vote]. I don't remember ever having a vote while I was cabinet secretary. Now, maybe I did on one, but that would be the only one.

Morris: Do you remember what that one was?

Adams: [laughs] Yes.

The Indians and Dos Rios Dam

Morris: Would you share that with us?

Adams: It was the Dos Rios Dam on the Eel River. That was the only one that I remember.

Morris: You were in favor of building it?

Adams: I was in favor of building it, yes.

Morris: Didn't that generate the largest amount of mail to date or something like that?

Adams: No, no, not by any means. That generated some mail but a lot of things in the social welfare area generated far more mail than that. In fact, probably over his eight years, Governor Reagan got more mail than any governor has ever gotten before or after.

Morris: Is that a function of the interest of the administration in getting out the story as it was?

Adams: Yes.

Morris: A number of the cabinet-issue memos that I've looked at at the Hoover Institution seem to have draft press releases attached. Was that something that became a regular policy?

Adams: It was just more or less in the interest of complete staff work to go ahead and to do that. When you have a staff functioning, what you want, you strive for, is the most complete staff work you can get and that is--you're just a little further down the road if that is done prior. Then it's always revised before it actually goes out.

Morris: That's what I wondered. Let me back up just a little bit. Having talked about these issues with the various cabinet people and having these daily staff meetings, would you and the executive secretary have kind of a suspicion as to how the governor would want this to go or what looked like the best decision, that you were headed towards a particular consensus?

Adams: Yes, I think we were headed towards a consensus. I think we understood the governor's thinking well enough that we could pretty much predict the outcome. [laughs] Although he surprised us a lot of times!

Morris: Did he?

Adams: Yes. We could pretty much guess how he would want the decision to go, but still that didn't nullify the fact that you should go through all of the process to arrive there, because there is always something unexpected or that you didn't think of or somebody else has a viewpoint that hasn't been considered and maybe sometimes a very important one. Frankly, on the Dos Rios decision I was startled when the governor made his decision. I didn't think he would veto that project.

Morris: Yes, I know. Because of the force of the information that Mr. Livermore had developed?

Adams: I think that played a role in it, but primarily the Indians are what was the basis of his decision. It wasn't all of the other information, which of course had a bearing. But I remember his remarks very definitely on the thing. There were I don't know how many Indians that lived in Round Valley.

When the decision was finally made, he said, "I have had an interest in Indian affairs. I have been somewhat a student of the Indian nations as the United States developed and what has happened to them, and I think that government has screwed them from hell to breakfast!" He said, "This governor is not going to do that to those Indians," although, if I remember correctly, none of us really probably had a solid, substantial idea of how the Indians felt about it! [laughs]

Morris: They had not been contacted?

Adams: I don't remember any forceful input into the decision from anybody that was an Indian.

Morris: That's interesting. On other issues, were you visited by representatives of Indian organizations?

Adams: Yes. Mike Deaver, who functioned as assistant to the executive secretary, was responsible for Indian affairs. He had established some lines of communication with the various tribal councils and so forth.

Morris: There is a strong community in Oakland, interestingly enough.

Adams: Right, and he served as liaison with these various tribal councils and so forth. There were quite a number of them.

Morris: That wasn't part of Bob Keyes's function, it was Mike Deaver's function?

Adams: Right.

Morris: Because Mike had an interest in Indians himself?

Adams: Yes, Mike and the governor seemed to share some interest in Indian affairs. They are very difficult to deal with.

But I don't remember in this deal that say (quote) "the Indians in Round Valley" had a great deal of input into it. Everybody seems to have been discussing, looking back, what was going to happen to the Indians in Round Valley if it was flooded, but I don't remember any Indians telling us what would happen.

#### Press Releases; Legislative Relations

Morris: You mentioned that press releases were always revised once you had arrived at a consensus. One interviewee commented that sometimes it took longer to revise the press release than it did to arrive at the decision. Is that your recollection?

Adams: I really wasn't that involved in the revision of it.

Morris: Would the full cabinet do that?

Adams: No, the press secretary attended all of the meetings. It was his job to really write the thing as to where he would present it in its best light, in the communications side of it. Although there might have been a discussion of what should be in a press release, the actual writing of the press release was left strictly up to the press secretary.

Morris: Would it then come back through--?

Adams: Yes, it would come back for final approval of the governor or the executive secretary, but it was not a big hassle as far as I know. There might have developed some later, but not while I was there.

Morris: How about the legislation resulting from cabinet discussions? Was it a special, separate category?

Adams: If there was a cabinet decision that required legislation to implement things, we had a legislative liaison session and usually that was handled--an outline of a bill was prepared by that section working with the legal section to get the bill put in the proper form and everything. Then you found a friendly legislator to carry your bill, to sponsor your bill (and you did that through the liaison office).



- Adams: Then they took the bill, the outline of the bill, up to the legislator's own staff or the minority staff or the majority staff, depending on what you were working on, and the technical people in the staffs actually wrote the bill.
- Morris: I gather there were some problems at various times about coordinating legislation.
- Adams: Always, always.
- Morris: Why is that such a difficult thing?
- Adams: To put it as bluntly as I can, you've got a hundred and twenty little kings or prima donnas over there, eighty assemblymen and forty senators, and every one of them is a king of his own little empire. Their feelings are easily bruised and any remote slight or anything they can construe as a slight is a major problem. So you constantly stroke all of these individuals and try to be sure that their delicate feelings aren't bruised in any way. It takes a lot of time and effort and invariably you are going to have a problem with some of them.
- Morris: I was wondering about the other side of it. If by any chance somebody out in a department say had a slightly different position on a bill than the governor's official position--
- Adams: It usually was not a problem because the governor had no inclination to exercise that strict control over his staff. A lot of times we had department directors take exception to some provisions in the bill, not generally the bill as an overall thing, but if he has some objection, and the legislative committee was holding a hearing, he would have told the committee so. There were no repercussions; the governor thought that was quite all right.
- Morris: That there were details that could be worked out by the give-and-take out there in the legislative committee?
- Adams: He didn't feel that everybody had to parrot whatever line came out of the cabinet decision. If there were some especially technical problems within the thing or budgetary problems, the department director was told he could go over and discuss it freely with the legislative committee that was hearing the bill.

Government Reorganization

Morris: Were you the liaison from the governor's office to the hearings of the Commission on Government Organization and Economy?

Adams: Yes. Their nickname was the Little Hoover Commission.

Morris: That was not the governor's study [task force] on efficiency and cost control?

Adams: Now, that was something else. The Little Hoover Commission was established, God, I don't know when, but it was there when we got there.

Morris: Okay, I've been trying to straighten out which was which.

Adams: The governor brought in a great many people from private industry and we formed a task force (we called it a task force) to study various aspects of government operations and reduce their findings and recommendations into paper, and then after that the task force was finished.

Morris: And then the Commission on Government Organization and Economy was chaired by Cap Weinberger. Starting in January of '68 they had a bunch of hearings, and I came across your presence in some of the minutes.\* I think this led up to the legislation on reorganization that was passed in late '68.

Adams: Yes, now I am beginning to remember. We had to submit those reorganization plans, under the legislation, we had to submit it to the Hoover Commission before we could submit it to the legislature. The reason it is called the Little Hoover Commission [is] there was a parallel commission at the national level.

Morris: Right, Herbert Hoover came out of retirement to do it.

Adams: They supposedly take a look at the government organization, primarily state government organization and programs, and they make recommendations to the governor and to the legislature. In other words, they

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\*Minutes, January 12, 1968, Commission on Government Organization and Economy. Reagan Papers, Hoover Institution. This section has been revised to clarify the various functions of the various review bodies.

Adams: have (quote) "analyzed" the problem and they have certain recommendations to make. It functions somewhat similar to the way that the budget analyst operates within the legislative structure over there. So that was one thing.

I generally seemed to, when I was cabinet secretary, handle our relationships with the Little Hoover Commission, and met with them and discussed with them. I remember definitely I presented the reorganization plan to them. Also, I testified on the plan to the legislature, to various legislative committees. Now, the review [commission] thing, was [pause] I think that functioned primarily to work with special interest groups that had various interests in various areas in which to answer their questions, accomodate their viewpoints if it was possible and so forth. Now, that--

Morris: This was my sense of the minutes--a rather lengthy discussion about making sure that agriculture does not get lost and that agriculture is one of the top dogs.

Adams: Right, that's correct, and that was the group that was chaired by Cap. That was its, as you might say, communication effort.

Morris: But the commission was not equipped itself to do the kind of survey and study that the governor's task force was doing?

Adams: Like all of those types of commissions, I think they had one staff person plus a secretary. That was about all the staff resource they had, so somebody else more or less furnished their staff resources, like the governor's staff and so forth, on things. It was just another procedure that you had to go through in order to get--

Morris: It sounds slightly like a duplication of effort.

Adams: It is in a way, but it is also, I guess you might say it's kind of a watchdog thing, too. Frankly, the commission has never really fulfilled a very important role, in my opinion. It was just one other step you had to take in order to get to where you were trying to go.

Morris: There were two points that interested me. One was apparently there was quite a lot of discussion devoted to whether there should be four agency divisions because that was the most efficient and effective or because the legislature would only approve four divisions. That discussion seemed to go on quite a long time.

Adams: Yes, there was a lot of discussion. Now, remember that Pat Brown and his organization had four statutory agencies, but they were administrative agencies and not--they weren't called agency secretaries; they were agency administrators. This was the difference between the two concepts. Then he had in addition to that four nonstatutory agencies.

Morris: Yes, he did those by executive order.

Adams: Right, right, so in effect he had eight. So we wanted to reduce those to four and we wanted to change the function or the concept of what they did. They were administrators under Pat Brown, undersecretaries, which went back to the fact that they functioned as an extension of the governor without line authority. This was the crucial difference between the two. Where under Pat Brown the four secretaries had line authority over the departments within that agency, under the Reagan reorganization the secretaries didn't have line authority over anybody. So that was basically the difference.

Morris: Was there serious consideration of having a fifth agency, which would be the Department of Revenue?

Adams: There was consideration of that, but in the actual function of the thing the Department of Finance functioned as the fifth agency.

Morris: It was brought in at the cabinet level.

Adams: It was considered in the cabinet makeup; the Department of Finance was listed as equal to the other agencies.

#### Higher Education; Campus Unrest

Morris: Could I ask you about a couple of issues that took up a lot of time while you were there, just as an example of how you worked through a specific agency. I gather that the one that got the most press in 1968 was campus unrest.

Adams: Yes, the governor has very little authority over the universities except the budgetary authority.

Morris: Right, but did this issue come to the cabinet?

Adams: Of course, there were a lot of discussions about it in staff meetings and certainly in cabinet meetings about our position. As you know, the governor had brought in Alex Sherriffs. The governor had developed a good relationship with the head of the state college system.

Morris: Glenn Dumke?

Adams: Right. The governor had meetings with him at both the cabinet and in private meetings.



Adams: Mostly the governor's policies took the form of speeches by him and Dumke and Sherriffs and probably some other people, but primarily he exercised his control, or what influence he had over the system, through two ways. One, he was a regent and, two, he had considerable input into the budgetary process. So that was the only thing. There were really no cabinet issues that could be decided as to whether the governor was going to take any specific action, because he didn't have that kind of authority. The governor didn't have that kind of authority over the university system. There is slightly more control over the state college system, Dumke's operation, but the university was another one of those vague areas where the governor's authority is very loose, if any, but he can influence.

Morris: By the visibility--

Adams: By the visibility of his concern, by his actions at the regents' meetings, and by what he does in the way of the state budget for higher education.

Morris: It sounds like that would be something that would be more worked out by the governor and staff people.

Adams: Right, staff people. Not particularly the agency secretaries, because they were not involved to that extent. We worked out with the governor and his staff people and the Department of Finance. Of course, Alex Sherriffs was also the principal staff support for the governor when he was wearing his regency hat.

Morris: He would do the preparation for University of California regents' meetings for the governor?

Adams: Right, and also at that time, of course, the lieutenant governor is a member of the regents, too, so there was work with him. At that time in '68, I believe the speaker of the assembly was a member. That was Bob Monagan.

Morris: He was speaker in 1969 and 1970.

Adams: So there were three people, members of the regents, right there. All were part of the same administration.

Morris: Would Finch and Monagan meet with the governor to--

Adams: I don't think they had any formal meetings. I definitely don't remember any, but they certainly had discussions when they got together for any other reason or talked on the phone. Certainly, Alex coordinated what he was doing with the staffs and Monagan and the lieutenant governor.



Morris: Would the legal people also be involved in the cases where the state guard and some of those people were brought in?

Adams: Oh, yes, definitely.

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Morris: Would they bring in the attorney general and consult with him on that kind of thing?

Adams: Not particularly. Now, see, there is a crisis center in state government, the Office of Emergency Service. These are the people who coordinated activities of the state government involving riots and emergencies of all kinds--earthquakes, floods, and everything you can think of. Of course, when there was a lot of rioting going on, say, in Berkeley and the other campuses, they were all involved. They coordinate the police efforts statewide in public safety situations. They still function that way. They have functioned that way for a long time. Usually the person on the governor's staff that worked with all of those various agencies and the Office of Emergency Service and the statewide police organizations and so forth was the legal secretary.

Morris: By that time was there just Ed Meese or did he have a couple of people on his staff?

Adams: Oh, he had a couple of assistants, yes.

Morris: Did you tell me that you also worked with the task force on law enforcement?

Adams: I did not.

Morris: Because that was something that--

Adams: Yes, that was something that Ed Meese would have handled when he was legal secretary, and his successor would have had that job.

Morris: Did that task force kind of thing come through the cabinet or was that primarily through the staff?

Adams: Primarily through the staff.

#### Management Evaluation

Morris: Would you like to stretch your legs for a minute before I ask you about the water board? [Rest break, coffee replenished] ##

Morris: Before we get into the Water Resources Control Board, there was a management evaluation program that you worked on. Can you tell me a little bit about that?

Adams: The idea was that, again, we were--efficient management of public resources is probably the concern of most people in government, whether they be elected officials or civil service or whatever. There is always a desire to do things better and more efficiently and less costly.

This was just simply a small effort, and very small, to take a look at some key areas to see if management techniques were being used to the extent that they should be and see if techniques had a solid foundation. In effect, are we managing the public resources through these various programs as efficiently as we should? It was not an effort that ever produced anything, because it didn't have enough resources behind it.

Morris: It was primarily a personnel process or a cost control?

Adams: It kind of involved the whole thing. One of the things I was trying to look into [was] if we were putting square pegs into round holes. Government, in its own personnel structures, tends to sometimes take a guy who is highly proficient in one area and think that just because he is proficient there, he will be equally proficient over in another area--sometimes you get absolutely the reverse results. It's kind of like the Peter Principle. Everybody has been promoted to their maximum level of incompetence.

Morris: Could you give me an example of the kinds of things that you observed?

Adams: Oh, this is not important really. A lot of things. I found in the agencies and so forth, they had a system of rotating their managers, the division chiefs and all this other thing, and they are still doing it. In other words, they would take a guy who is very efficient in say the water rights area and move him over to an administrative post, or like a guy I know down here now who is just a brilliant engineer and has a very analytical mind that can analyze problems, especially a very complicated engineering process. Now he's over shuffling papers.

Morris: Were you doing this evaluation program in the governor's office?

Adams: Yes, in the governor's office. It was where we would have more of an input into program development or evaluations of programs, whether they were working or whether they were functioning well and so forth, and, as I said, it was an effort with too little--It was probably a good idea that didn't prove anything because I didn't have the resources to go into it that deeply.

Morris: Was it just you?

Adams: I had part-time assistants. I could call on the agency people where they would devote some time. I could arbitrarily have them assigned to a certain project. It was probably a good idea. We just never put enough effort into it.

Morris: How did the agency people feel about this kind of project?

Adams: From where I was working out of the governor's office, I was certainly not going to get any overt resistance. The state has a lot of good managers, and they are interested in efficiency and so forth, and they probably thought this was not a bad idea. But some of the others probably thought, oh, this is just another bunch of junk coming out of the governor's office.

Morris: Was it a personnel evaluation kind of a thing?

Adams: Yes, it was. Of course, my background has been a lot in management. I think I know most management techniques and also can recognize the difference between good and bad management. So they were basically information-gathering for me. I analyzed it and then made any recommendations I thought should be made.

One of the things with the state civil service is that there are a few exempt positions in every area--it's called a career development program. If you can get designated or eligible for this, then you could move up and become a deputy director or an assistant to the secretary of the Resources Agency or so forth, which is an exempt job outside of civil service, and you could fulfill this for as long as the job existed and they wanted you. If you were either fired from that or no longer in place, you would be reverted back to your civil service position.

Morris: Was that the career executive assignment program?

Adams: Yes, career executive--I was a strong advocate of that program. I wanted it more widely used and tried to make it easier to use within the system than it was. That was one of the things I was looking for.

Morris: At some point, was Ken Hall your assistant?

Adams: Ken Hall was my assistant when I was first cabinet secretary, a brilliant young guy. He had worked for an assemblyman, and he had been doing some political efforts. He's a very sharp young man. So I brought him in as my assistant as the cabinet secretary.

Morris: Not particularly to work on this evaluation?

Adams: No, no, it was strictly--He functioned as my assistant when I was cabinet secretary and he did an outstanding job. He had a great ability to analyze problems.

Morris: Did he have a management background himself?

Adams: Yes.

Morris: If he was this bright and able, was he considered to take over the cabinet secretary's spot when you moved?

Adams: Oh, I think probably the general consensus [was that] he was a little young and it would have been difficult for him to work with the Ike Livermores and the Earl Cokes. Ken was still in his twenties then. I don't remember any particular discussion, but I would imagine that would have been a factor.

Morris: He moved right along.

Adams: Yes, he moved over into the finance department.

Morris: Right, and I think he came back into one of the agencies.

Adams: Yes, so he was a brilliant young man. But I expect that in the cabinet setup, if there was any discussion of it at that time, it would have probably been that Ken would have had a very rough time working with all of the graybeards! [laughs]

Morris: That's an interesting perspective, because there were others who thought that the governor's staff in general was too young and needed some seasoning.

IX WATER RESOURCES CONTROL BOARD, 1969-1976

Appointment as Chairman

Morris: How did you come to go over to the Water Resources Control Board?

Adams: There were several reasons, one or two I won't discuss. But when Finch went to Washington, the governor appointed Ed Reinecke as lieutenant governor. I went up to break him in to state government. I won't elaborate on it, but it didn't work out too well after five or six months. It was probably mostly personality type of problems. So I told Ed Meese that I was going to leave that particular job and that I thought I'd just go back to San Diego. Now, remember at this time, my first wife, who died in 1972, was not in good health and there were a lot of personal things in there. We owned a home in San Diego that we had had for a number of years and she loved the place, but we were living up here. This climate definitely didn't agree with her and she was just prepared to go back to San Diego.

So Ed said, "Let me get back to you." He talked to the governor and came back and said that, no, they definitely didn't want me to leave state government. There was a job that would be opened up on the water board, which I had done work on before and, remember, at one time I was assistant secretary of the Resources Agency. I had reorganized the board under the Porter-Cologne Act. So they said there would be a job open up there; would I be interested in that. It so happened that that was the one job they could have mentioned to me that I would be interested in. So I said yes.

In the meantime, they said, "Will you do this management evaluation thing until that point?" So I said yes.

Morris: I see, that was sort of an interim spot?

Adams: Yes, that was an interim spot. So I did that and then when the vacancy occurred, which was in January 1970, the governor appointed me. In December he appointed me to fill that vacancy. It's a



Adams: statewide board, so I could function--I moved my headquarters and everything to San Diego. In other words, when I traveled away from home, away from my home place of work, I traveled out of San Diego rather than here. So on becoming a member of the board, after getting acclimated, I took over the responsibility for the board's function down in Los Angeles and south.

Morris: That's a full-time administrative board?

Adams: A full-time regulatory, administrative board. So I functioned there until January 1973. My wife died very suddenly on Christmas in 1972. It was a massive cerebral hemorrhage, a stroke. So then two things happened very shortly after that.

Earlier that year in 1972, the person who was the chairman of the board got into some serious trouble and was asked by the governor to resign.

Morris: Was that Kerry Mulligan?

Adams: Right, and he did resign. It was a difficult, agonizing procedure but he did resign. I was appointed to replace him on an acting basis to begin with (this was in March of '72) and we finally got hold of that particular and very serious problem. So then I was named as chairman of the board, permanent chairman of the board. So in effect I was commuting from San Diego to up here. I was flying up here and I'd spend anywhere from two to five days up here and then come back the next week. That's a horrendous schedule.

Morris: That's a hard way to live.

Adams: At Christmastime that year my wife died. My work was here and so I decided I'd just move up here. I moved up here and sold everything we had down there. I just came up and took an apartment up here and for the next four years, a little over four years, I served as chairman of the board.

Morris: Through 1976?

Adams: Yes. I served about a year more after Brown was elected.

Morris: Did you stay in touch with the governor in that period, kind of as his man in water affairs?

Adams: Do you mean while he was still governor?

Morris: Right.

Adams: Yes. Of course, my status was equal to that of a department director.

## Water Rights and Water Quality

Morris: Looking in the government directory, there is your board and then there is the Department of Water Resources, which has a water commission under it. Was there some special reason for that kind of a--?

Adams: It comes about in two things. The board's primary responsibility is two things: the administration of water rights in California, which is a very complicated and also, to me, fascinating area. The second is water quality.

Now, the Department of Water Resources is a developer of water projects and handles the sale and distribution of water. They are not necessarily concerned either with water rights or with water quality, only delivering water of the quality that will do the job that the people are buying it for. They are not interested and don't have any mission in overall water quality and management of water to produce water quality, or to preserve the underground basins, or not to overdraft the amount of water in the streams. They are not particularly concerned about fish and wildlife, because that is not their mission. The board assumed all of those functions. We had authority over the department in those areas.

Morris: There had been some question in earlier years about the objectivity of the water quality control boards.\*

Adams: The regional boards, do you mean?

Morris: Right.

Adams: Yes, because they are lay boards and there was some question of their ability to function versus local pressure. They were local boards made up of people--you had to live in the area in order to serve on the board--and they were susceptible to local viewpoints.

Morris: Does that mean that the reason for the Porter-Cologne bill, which called for the new board, was as a check on the Department of Water Resources?

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\*See interview with Frank Stead, in Earl Warren and the State Department of Public Health, Regional Oral History Office, University of California, Berkeley, 1973.

Adams: Not particularly on the--It was an effort to put water rights, which had been a separate thing not related either to the department or the board, combine it with the people responsible for the programs that would enhance the water quality of the state.

Morris: Where did water rights considerations--?

Adams: They were a three-man board. They were an independent board that only heard water rights. In other words, if you wanted to appropriate surface water from any stream or any source within the state, you applied for a permit or right to divert and use that water from--

Morris: On public lands?

Adams: No, on any land, except of course then you get involved in the riparian law.

Morris: Right, that was what I was thinking of.

Adams: If you own land that is on each side or one side and underneath a stream, you have what is called a riparian right, which dates back to English law.

Morris: And is the basis of the battles that won the West and all that sort of thing.

Adams: But the right has certain restrictions, even a riparian right. In other words, you cannot build a dam to cross that stream. You cannot impair the right of the riparian below you on his stream. You cannot store that water. You cannot build a pond or a reservoir and store that water. You can only use it to apply to the land as it is available within the stream, and that is restricted by the rights of the people below you. So it is a very difficult thing to administer.

Morris: Had you been involved in the negotiations that led to the passage of that bill?

Adams: Yes, to some extent.

Morris: What was the governor's interest and position in that?

Adams: He supported the bill. So we took the Water Quality Board and the Water Rights Board and combined them into the Water Resources Control Board. That was a very powerful board.

Morris: Yes, given the power of water in California.

New Melones Decision, 1972 and 1981

- Adams: Then, of course, we had to start developing things there and we issued a lot of decisions on that. For instance, I was the principal author of the New Melones decision. This was related to the Delta decision and to the American River decision; all of these were decisions that were designed to do quite a number of things.
- Morris: When you say decisions, these are administrative decisions?
- Adams: They are a little bit stronger. In the water rights area, they are quasi-judicial decisions. In fact, water rights hearings are conducted the same as a court. As a hearing officer of the water board, you have subpoena authority; you rule on the evidence, the admissibility of evidence. It's conducted in the same manner as a court, with your own staff attorneys that function, the prosecutor or whatever and the applicants' attorneys. In all of the larger cases you have a lot of attorneys involved.
- Morris: I can believe it. Do you want to get some more coffee? [tape interruption] ##
- Adams: --had gone to court and we had a judgment. The federal district judge here in Sacramento made the decision that the federal government did not have to apply to the state for water rights as citizens of the state did. In other words, they said that the federal government could take any surface water in the state by merely just the courtesy of informing the state that they were going to do it.
- Morris: Now, is this the state reclamation board or the federal?
- Adams: The federal; the U.S. Bureau of Reclamation. So we decided to fight this. We decided to go through the court process to try to get a U.S. Supreme Court decision that [if] the federal government, through its Bureau of Reclamation or whatever, wanted to appropriate water out of the state [it] had to appear before the board with their application, and they would be regulated and allocated water the same as a water district in California would be.

The New Melones project was federally authorized. At the original hearing, they refused under this to give us any justification for the water. They said just generally they wanted it, they wanted the water from this project. Now, if you had a big farming operation and you wanted to appropriate water, say, from the American River or if you were a water district and you wanted to appropriate water from any surface stream in California, you made application to the water rights board and you were given it if you had a legitimate purpose.



Morris: Use of a specific body of water?

Adams: Use of a specific body of water, but conditions were applied to that. In other words, there are dry seasons and wet seasons and there are other appropriators and riparian rights, and you could not infringe on these other rights. So since they would not give us a specific service area as to where they were going to apply the water and how much water they were going to take and so forth, we said--I wrote the decision as to where they could not fill the reservoir to its designed capacity until they came in with a water plan as to how they were going to use this water and what beneficial uses they would be--a key word in all of this, or one of the key words, is applying this water to a beneficial use. So they refused to do that.

Morris: The Reclamation people?

Adams: The federal people. So we went to the court. We went through [Thomas J.] MacBride and got an adverse thing. He ruled in favor of the feds.

Morris: This is the federal district court in Sacramento?

Adams: Yes. Then we went to the court of appeals which reviewed the case and they agreed with MacBride. So then we took it to the Supreme Court and, lo and behold, we won. I thought that was the crowning achievement of everything we ever did in the state government.

Morris: Does this mean a decision that you wrote?

Adams: I have a copy of it right here.\*

Morris: I'd like a copy of it if you have a spare.

Adams: Okay. We held the hearings; we had a couple of ways of holding water rights hearings. If it was a minor case, one board member would hold the case. He would develop it. The staff helped and everything. He put it in tentative form and then he would take it before the full board. If a majority of the board concurred in that decision, then it was written and it was adopted as that board member's decision concurred in by a majority of the full board. So

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\* State of California, State Water Resources Control Board, Decision 1422, April 4, 1973. U.S. Bureau of Reclamation petitioner. And Water Resources Control Board Order #WR81-1, January 14, 1981. Copies in supporting documents in the Bancroft Library.



Adams: each case is somewhat similar, I believe, to the multiple-judge court's work; one member writes a decision and then the other judges either dissent or concur in his decision. Well, we worked the same way.

Morris: Let me start a new tape.

##

Adams: My purpose was simply this. I wanted a case (I felt this was a good one and in all the legal advice it was a good one) that we could take before the federal court, the U.S. Supreme Court, and get a good decision.

Morris: For California?

Adams: For California. Incidentally, eleven other states in the western area supplied supporting briefs.

Morris: They were friends of the pleader?

Adams: Right.

Morris: Who did you go to for legal advice on this?

Adams: We had two. We had our own legal force, which was a very good one, and the attorney general's staff.

Morris: That by then was Evelle Younger?

Adams: Yes. So we got the decision. It was seven to one, eight to one or some darn thing at the Supreme Court. Anyway, it was almost a unanimous decision. I think in water rights history in California, it was one of the more significant things that has happened in the last hundred years.

Morris: What kind of a bearing does a decision like this have on the famous 120-acre limitation?

Adams: None. That is a federal law and the state really isn't all that involved in it and we have no--

Morris: It didn't have a bearing on--

Adams: No, it did not have a bearing on that. But it did mean that, in spite of what Judge MacBride had said, the federal government could not come in and take whatever water it wanted by merely telling the state it was going to and that was the end of it; in other words, they could not pre-empt all of the state water rights laws.

Morris: Did that mean that the decision would have an effect then, pre-empting contracts made relating to the California Water Project?

Adams: Correct.

Morris: Is that what the concern was?

Adams: It could have gone that far. However, when you get into a contractual situation, they would have had to condemn those contracts and compensate the people who were hurt.

In any event, on this particular New Melones thing, because it was a federally authorized project and had been authorized by Congress, the courts said that on this particular project--they settled the water rights issue: the federal government had to apply and they had the same standing as anybody else. They didn't have a special relationship as far as this was concerned, but they said in this case then the decision was entirely correct if it did not infringe on any of the intent of Congress in developing the project. That was a reasonable provision, because it was retroactive. So we wrote right into the decision that when the Bureau of Reclamation presented the state with a plan as to how they were going to use the water and the beneficial use the water would be put to, then the state would grant them a permit for this.

Okay, they got their hackles up over this thing more or less. Now, I don't know whether they have yet come in with such a plan, but in any event, if they had come in with such a plan, then they could have used the project as it was designed to function. In other words, fill the reservoir and so forth. A lot of things got involved in it.

Then the Brown administration came in. I would have, if I was still in control, the minute I got the court decision and they had come in and given me a plan for using the water, I would have given carte blanche to use the project as it was designed, because I had gotten what I wanted. [laughs] But for (quote) "environmental reasons" the Brown administration decided to continue to fight the federal government--

Morris: On the filling of the dam?

Adams: On the filling of the dam and so forth, which I think is a major mistake. No one wants to talk to me about it, because they know how I feel.

Morris: What is your feeling, that the state needs that water?

Adams: Certainly. We need the electricity, we need the power, and we need the water. We are always short of water. So the project is there. It just doesn't make any sense to me not to use it.

Adams: Then, when the Reagan administration came in in Washington (I was of course off the board then and had been off for a while) I had a meeting with them at their request, wanting to know if I would plead the state's case with the new administration in Washington.

I said absolutely no, because what you should do is give the bureau the right to use the project as it was designed because all you are doing now is building--I think you are going to lose in every court. If they take you back to court, you are going to lose in every court. So I think you are undoing what has been done. But that didn't have much effect on them. They are still trying to oppose it and it's a wrong move.

They appealed the [New Melones] decision and we held a hearing and turned down the appeal and it got to the Supreme Court. All of the reasoning and everything is in there, except it got to be such an emotional issue that nobody ever read the decision. Everybody was for or against the decision without ever having read it! [laughs]

Morris: Of course, that's the way it goes!

Adams: Anyway, on the major decisions we issued (there were two on the Delta), one involved the water quality and the other involved allocation of water that comes into the Delta, then is dispersed out and so forth. The water quality decision on the Delta was a much bigger decision than New Melones. Actually, there have been two decisions; the first decision took eleven months of hearings, almost three hundred and some days of testimony. You could fill this room with the testimony.

Then, the one on the American River, we specified the amount of water that had to be released from Folsom and Natomas down the American River to preserve the esthetic and recreational values of the river from Folsom in through the city. In fact, we said they could recapture the water below Sacramento if they wished to pump some of it back into the Folsom South Canal. Generally these were the major decisions. There were literally hundreds of small decisions.

Morris: Now, these decisions were written in relation to water quality standards. Did another organization establish the standards?

Adams: No, we established that.

Morris: You established the standards?

Adams: Right. We established the standards, and they have the total effect of state law behind them. We also were the agency that protected the fish and wildlife in the state as far as water quality and water quantity is concerned.

### A Fragile Water System

Morris: Did that mean that your board got involved in the decision not to construct the Peripheral Canal while Reagan was governor?

Adams: The decision to do that really is the decision--that's where there is so much misunderstanding, and I guess that's going to be on the ballot this June [Proposition 8, 1982 primary]. I wish people could understand what we are talking about. I have this awful sinking feeling that one of the most important things to the social, economic existence of California (I would say development except we probably have overdeveloped already) is water.

One damn thing that governs all of this is the capacity to supply water, which you can't do without. Yet we have the most fragile system probably almost in the world as far as water is concerned. The uncertainties of it are just so potentially disastrous that it is hard to believe. Yet in a legislative body of a hundred and twenty legislators over there, there are not a half a dozen of them that even have any understanding of it. It is rarely a major issue in political elections. And nobody understands what we are dealing with. I could bend your ear a lot, but it's very crucial.

For instance, in comparison with the water systems in other parts of the United States, the Mississippi River is some two thousand miles long and all of the Missouri, the Arkansas--all of the major rivers--run across several states in long watersheds. The Colorado River, which originates in the state of Colorado, goes all the way into Mexico. Now, those watersheds are enormous and you can have a drop in one section of it and the other section can pick up the slack because you get the rain and snowfall on theirs. Most of our California watersheds are sixty miles long. You take the San Joaquin River, all the rivers--the Stanislaus--all of these other rivers that feed this valley, practically all of them feed into the Delta system, they are very short. We have an unpredictable rainy season, snowfall season. If you don't get an adequate snow pack up there, which is far more important than rain--we have an example in '76-'77--we thought (everybody said) that we had built a water system that would last through a seven-year drought. If that had lasted a third year, this state would have been in almost unbelievable trouble. We were in an extremely serious condition the second year, and we only had one year of severe drought. One year, '76, we got about half of the waterfall that we normally got, and '77 was very small, less than 15 percent of what we normally get--quote "normally" get.

Instead of our seven-year we have, at the most, a two-year supply of water that is reliable. So in the meantime, like this year, there are literally hundreds of millions of acre-feet of water that has



Adams: flowed out through the Golden Gate simply because we don't have the storage space to store any more of it. Our reservoir system is not large enough to carry us over two years. So we need that.

In addition to that, if we don't have enough surface water, we depend on ground water. We have depended on ground water and over-pumped our water basins to the extent that, for example, in the San Joaquin Valley we are already into the problem of land subsidence. According to the latest figures I have, which are probably a few years old, over sixty thousand acres of land down there are already taken out of farm production because of the salt problem. That's a closed basin. The only way out of that basin is back through the Delta. So what you do is very simple. You are a farmer. Here is the lowest point in the valley. All of the water applied to the land runs down to there. Okay, you're a farmer up here and you are applying water and this doesn't concern you. But the more water you apply here, the wider this strip gets because the salt build-up in there will eventually prevent farming, and you get what is called perch water. It is very salty water that perches, runs under the surface of the ground.

The only way you can prevent that from happening, all of the water you put in that is not consumed has to be drained out because it has extreme high salt content by then. That's the reason why you work the units [of the California Aqueduct] on a master drain to bring that water out of there. So what is the long-range conclusion of this? This section down here gets wider and wider. As you apply more water here, the wider this is going to get. Eventually, the most productive farming area in the world could be lost.

Morris: They have that problem in Egypt and other parts of North Africa.

Adams: Oh, Mesopotamia was one area that it went to the ultimate. It finally reverted to desert.

Morris: So the concern is to keep the salt from contaminating the farming land--

Adams: Because of crop tolerance.

Morris: It isn't so that you won't get human bugs in the drinking water?

Adams: Salt content has to be pretty high before it is really unusable for drinking water. For instance, the water we get here that we take out of the Colorado River, the salt content is very high. It's up to 800-some total dissolved solids per million, which a thousand will affect some people's health, especially people with heart problems and all this sort of thing. But the water down there--see, the Imperial Valley, which is farmed by irrigation water from the Colorado



Adams: River, why that's a natural sump, the Salton Sea. The Salton Sea is entirely artificial. So the irrigation water is very bad water. They drain the crop-irrigation water down there into the Salton Sea, and the Salton Sea is getting bigger all of the time. They've got to find more water. That water is more salty than the ocean, the Salton Sea is. It's about 38,000 parts per million where the ocean is about 33 or 34.

But the only reason they are able to use the water down there now is extensive systems of tile drains under the agricultural land where they run their water through for its value to grow the crops, but they pass it right on through very quickly to prevent a buildup of salt within the soil.

#### The Peripheral Canal and the California Water Plan

Morris: Technically remarkable. Were you in the governor's office when the decision was made to postpone the construction of the--

Adams: Let's get back to that in a minute. For instance, in 1960, the people authorized the state water project through a statewide vote.

Morris: You said you worked on this?

Adams: Yes, I worked on that.

Morris: In southern California?

Adams: In southern California. I was one of the people that helped promote the project, in a rather small way.

The state project at that time had certain features that were specifically named in the thing that the people voted on. One of them was the Oroville Dam; one of them was the distribution system through the Delta, the Tracy pumping station that takes the water out of the Delta and puts it into the California Aqueduct that sends it south; the San Luis Dam, which is an offstream dam; the Castaic Dam, from which you lift the water over the Tehachapis; and there is a reservoir near San Bernardino; and the tail at the end of the project is the Paris Dam down below Riverside.

The other feature of the thing that was also mentioned in there was the Peripheral Canal. It wasn't called that. It was a conveyance system in the Delta to serve several functions. One of them is to be sure that--the thing operates like this. Water is fed into

Adams: the Delta from the north. That is principally from the Sacramento and all its tributaries and from the San Joaquin River, which comes in from the east into the Delta and it's fed by a lot of other tributaries. Now, if you put pumps, a vacuum, down at the south end of this big system here, and pull water out of there, the Delta is a whole series of sluices and waterways that spread out over twelve hundred miles. When the water is low, two things happen: one, if you continue pumping, you tend to force water across this system and then all of your lesser--the further you get from the main stream, the water becomes stagnant and of very bad quality; the second is the lower the water table is, of fresher water coming in the system, the further the tide intrudes on the thing, which also works toward a salt situation you can't handle because the water becomes unusable because of the salt.

So the canal was a vehicle to bring the water around the periphery of the Delta (that was the reason you get the Peripheral Canal) and with outlets in it to revitalize the stagnant pools that were developed out there, afford a usable water to the pumps of that and at the same time--

Morris: Down at the southern end of the Aqueduct?

Adams: Right, and in this way you can preserve to a great extent the environment of the Delta in that you can preserve the fish and the wildlife and so forth, to prevent it from becoming detrimental to these things because of the quality of the water. Now, the consequence of not doing this--if you don't have the canal and you still draw that amount of water down there, you are going to scour the Delta. You are going to create these bad areas, and the water that comes, you are going to draw it through at a great force because the pumps are working and this is going to destroy the configuration--not only the configuration but the quality of the water in the Delta.

Morris: The major arguments that you hear against the canal in the seventies and now the eighties is that if you have the Peripheral Canal, it will take so much water that it will cause salt water intrusion further up the whole Bay Area and that it will lower the water quality in the Delta region. These are the same arguments on both sides of the--

Adams: No, this is an argument based in ignorance, and I'll tell you why. If you pump that amount of water without the canal, you are going to absolutely wreck the Delta and there will be salt intrusion.

Morris: So the canal would permit increased--

Adams: The water quality and that's the principal thing for it.

Morris: It would also mean that there would be increased water sent down to southern California to the farming areas.

Adams: You see, what happened is--and this is the other aspect of it that people can't consider when all of this emotionalism is involved--is that there were thirty-one state contractors to the state water project. They, along with a revenue bond issue of \$350 million that we passed based on power production, these people paid for the state water project. The taxpayers of California haven't paid a dime in the building of the state water project. The thirty-one water contractors have furnished the money to build this. They have been paying for that construction, beginning on the smallest scale in the early sixties up until now, and they have never received even as much as 50 percent of the water they have been paying for. Now, they have contracts and in my opinion and all the legal advice that I get, these contracts are sacred. In other words, they can take that water anyway.

Morris: Did the bond issue that was passed in 1960 include the building of what has come to be known as the Peripheral Canal?

Adams: Right, it absolutely did.

Morris: Then with these kinds of legal opinions that suggest that the water contractors are entitled to the water anyhow, why did Governor Reagan decide not to go ahead with that unit of the project?

Adams: In the first place, there was a problem of federal participation. It was really envisioned that the Peripheral Canal would be a joint state and federal project, because the federal system (which is the Mendota Canal that serves water to the farmers out of the federal project, which is primarily the Shasta Dam) was a problem. So it kept affording delays and then eventually they decided the federal government would never iron that out; the state would go ahead and build it anyway.

Now, what happens if the canal is not built? Nineteen eighty-six will be the crucial year because in the famous Arizona and California decision on the Colorado River back in the thirties, California was allocated so much water out of the Colorado River. Of that, the City of San Diego and County of Los Angeles, the MWD [Metropolitan Water District], and all these things were allocated. Most of the water that we take out of the Colorado River is used in the Imperial Valley for farming, but southern California, for domestic use, was allocated approximately 500,000 acre-feet of water out of the Colorado River. In the meantime, since Arizona had no ability to use their water--

Morris: They sold some back?

Adams: No, they didn't sell it back. We've just been using it all these years. So then we're using more than twice that--1,200,000 acre-feet a year has been going into that. Arizona has built their central project and they will begin to take their water allocation almost entirely in 1986. So that means that southern California's water supply out of the Colorado River will be reduced by almost sixty percent. The reason they were willing to pay for this over these years and not get it was to eventually cover the water that they were going to lose out of the Colorado River. Now, they, in my opinion, have every right and they will take that water. Now, if they don't take it, then certainly they are going to default on almost \$3 billion worth of bonds that are now outstanding, and if they do, the state--

Morris: That's the original 1960 bond issue that is still outstanding?

Adams: Right, and that means then that the people of California are going to have to pay for those bonds.

Morris: So they are revenue bonds, not general--

Adams: The revenue from the water project pays the bonds. It does not come out of taxes. In addition, when we develop the power at Oroville, we sold that power to principally PG&E and some others, too, and issued a \$350 million revenue bond based on the income from that power, which was \$16 million a year. They used it only for peaking power. It's kind of an insurance policy to them. So all of this indebtedness would fall right back on the taxpayer. He would have to pick it up. In other words, the state taxpayer would have to pay off those bonds.

Morris: I still don't understand with this kind of urgency why the decision was made in the governor's office not to go ahead and build it?

Adams: There was never any decision in the Reagan administration not to build the canal. Practically all of the years we were working constantly with the federal government to try to get an agreement worked out with them as to cost sharing, an agreement we never seemed to be able to finalize.

Then the Reagan administration proposed in its last two years there that we go ahead and build a canal with state funds, and then we'd charge the federal government to use it.

Morris: Right, but that decision was never implemented or that approach was never implemented.

Adams: It just somehow never--There was disagreement on this. Most of us believed that we had the authority to go ahead and build a project without any reference to the legislature, but that was disputed.



Morris: By whom?

Adams: By a lot of people; the legislature itself. [laughs]

Morris: Was the legislative water committee active in these kinds of--?

Adams: Yes, to some extent but when [Carley] Porter died, he was the principal legislative author of the whole system and the most knowledgeable man in the legislature as far as the state water was concerned. There was really no one to take his place.

Morris: To help work this out?

Adams: To help work it out, so consequently that was a great loss because we not only lost the one man that had the know-how and the knowledge and the will and so forth to do it, when he died unexpectedly there was no one else to take his place.

Morris: Gordon Cologne was not that--

Adams: Gordon Cologne was in the senate. He was the second most knowledgeable man and he lost his senate seat right in the middle of all this.

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We are so short. We are right now on a normal water year. What I mean by a normal water year is we get all of the averages. We get the average rainfall, the average snow pack, we get everything. We are at least five million acre-feet of water short to meet our needs right now.

Morris: What about the idea that I've heard discussed of putting a top on the canals that already exist to retrieve the water that now evaporates?

Adams: Evaporation in the canals is minute. It is not significant. There's a moving body of water in the canals, the evaporation--there is not that much exposure to the sun. Those canals are not very wide. Where you get evaporation, significant evaporation, is reservoirs where the sun shines hot on a large body of water. Evaporation even in reservoirs is really not that significant.

A lot of people have said water conservation is the answer. The use of water, 85 percent of the surface water, of ground water in California, is used in farming which is our major industry. Only 15 percent goes for domestic use. That also is not too well known either, I don't think. I think there are some great strides made in the use of irrigation water in California over the last ten or fifteen years. I think we are far more efficient, but there is a limited amount you can do--and it's all helpful--to conserve water. Everybody should conserve water.



## X PERSONAL CONCERNS AND SATISFACTIONS

### Jerry Brown as Governor

Morris: These are really remarkably interesting kinds of things. How did it work for you when you were within an agency? Having been cabinet secretary being chaplain to all of these people, then what was it like to yourself head a department of great power under the Resources secretary?

Adams: I was not under the Resources secretary. I was really not under the the governor.

Morris: You are listed in the directory--

Adams: Yes, that is merely for communication purposes. But if you look at the statute, the Water Resources Control Board is an independent board. You are appointed by the governor and confirmed by the senate, and the governor cannot fire you. It takes a majority vote of both houses to fire you. When I was a member of the board and chairman of the board, [not] Ed Meese nor the governor, no one even attempted to give me directions or really any suggestions. There were two things on there. One, they believed in the independence of the board and did not try to interfere with its operation. Second, they knew I wouldn't stand for it. Ike Livermore knew that as secretary of the agency, too. He didn't try to--

Morris: You and he had a very close relationship?

Adams: Yes, and we understood each other. He fully understood that I would not stand for any interference in the actions of that board. I kept it that way all the time I was there.

Now, and I instilled this in my fellow board members, I said, "Okay, you owe your appointment to the governor, but you don't owe any of your actions on this board to anybody except yourself. So we

Adams: will conduct our business as a board only within our own consciences." I'm not trying to sound noble, I'm trying to tell you exactly how it functioned.

When Brown became governor, he began to appoint politically-motivated people--

Morris: As people's terms were up, he was appointing new people.

Adams: Right. That did not function that way at all. They have interfered and directed the conduct of the board to completely nullify its independence in my opinion.

Morris: Did you tell Jerry at the time when you were still on the board?

Adams: I had a meeting with Jerry, oh, a month or two after he was elected. Gray Davis called me in and asked me would I come over and meet with the governor, and I said, "Certainly." I had sent the governor a letter in which I had outlined the structure of the board and the term appointments and how they were appointed.

I told him that "the only prerogative you have, you can appoint the chairman of the board; the chairman of the board serves at your pleasure. In other words, you can change the chairman of the board from--"

Morris: Among the members of the--

Adams: Among the members. I said, "I am now chairman of the board. I have served X-number of years--four years--as chairman. You have the prerogative of replacing me."

Morris: As chairman.

Adams: As chairman only. So a while after that I got a call and I went over to talk to the governor. He started off the discussion on the wrong foot as far as I was concerned, because he said, "Of the few things that I've seen from the Reagan administration, the one shining example as far as I am concerned is the Water Resources Control Board." So I said, "Fine."

He said, "You have served on the board, what are your ideas?" I said, "The idea as far as I'm concerned is that we continue this as we have been." I said, "We were an independent board, have always been an independent board, and I would keep it exactly that way."

We discussed a few more things of not any particular importance, and I got the definite feeling that he really wasn't very knowledgeable about the whole thing to begin with. So we left and I kept

Adams: waiting for him to appoint somebody to replace me as chairman. I think a whole year went by. But then they had the effrontery to try to move into the board, what I thought was moving in, to try to direct or influence the decisions of the board.

Morris: Because of the nature of the appointments they made?

Adams: Not only that but he had Tom Quinn then over there who was supposed to be his chief environmental advisor and all that sort of thing and through the budget. Through that I was definitely getting the impression they were trying to try to pry--interfere--into the decisions of the board. So I got fed up with it.

I went over to see Quinn and I told him that I was unhappy with it. I said, "You can't fire me, but you can replace me. As I've said in my letter to the governor, you can replace me as chairman of the board because I am the principal person that oversees the board operation day to day." So I said, "I suggest that you"--there was a vacancy on the board at the time--"appoint some other board member and name him the chairman."

This was around the first of January, I sent him a letter then. I have a copy of it here somewhere--"I will no longer serve as chairman of this board. I will revert to being a member effective April 1. If the board hasn't a chairman, you must appoint one by that time." Well, they did.

So then I was going to leave the board. It was the end of my term, but then they kept urging me to stay because we still had the--the second Delta decision was not finalized. I had to sit through and actually was a hearing officer on most of it and a few other decisions. So they kept asking me to stay until we finalized those decisions. Eventually in October of that year, we got all of those cases out of the way, and I did quit. They never asked me to quit or anything.

Morris: In other words, you served past your term, but you really weren't reappointed.

Adams: No, I just continued to serve for a full year.

#### Senate Confirmation Process; Mastering Technicalities

Morris: How about the other end of it? What was the process of legislative confirmation? Was that elaborate at all?

Adams: No, it normally was not elaborate. The Rules Committee of the senate is a key body. The governor submits his nominations to the senate and it goes to the Rules Committee. Sometimes they will just automatically confirm without even interviewing the appointee. Sometimes they will have a committee meeting and they will call the current group of appointees that haven't been confirmed over in the interview.

Morris: As a group?

Adams: A lot of times, they will schedule four or five a day. Both of the times I was confirmed, it was a perfunctory action. I went over and a couple of the committee members would probably ask me a question or two. Usually I was there five minutes and they said, "That's all right," and then it would come out in the senate record that these confirmations were made by the senate. Usually there is no controversy. If the Rules Committee okays an appointee, it is automatic on the floor. It is just a perfunctory thing. They just bring it up and everybody votes aye. As far as I know, I was unanimously confirmed both times.

Morris: Were you already familiar enough with the technical details of the water question that you could just sit on hearings and--?

Adams: Oh, yes. The only thing is, the real area of expertise is the water rights. Now, water right law fills several volumes in California. Maybe because of my turn of mind or something, this was the area that I had the most interest in. While I was on the board, I held twice as many water rights hearings as any other member because there are two things involved. One, I liked it and I worked at it; two, the staff liked to work with me because of this.

Morris: It isn't often that you get a board member who is so knowledgeable about the details of it.

It's a long way from running a campaign having to do with water bonds to understanding the intricacies of water rights. When in between there did you start picking up all of this kind of technical--?

Adams: I think it's not out of character of my whole career and my life. I have always been involved, like in my experience overseas in embassies and everything.

Morris: Yes, it isn't everybody that learns to speak Arabic when they--

Adams: You develop interests and then you begin, if you want to be thorough, then you begin to dig. You get as deeply involved as you can and you learn as much as you can. That type of thing has always fascinated me. I have always been involved in technical or semi-technical areas. Even my involvement in politics was at least 50 percent technical.



Morris: In the nuts and bolts of how to campaign?

Adams: In the nuts and the bolts and the mechanics and the technical assistance, like computers. I was the first person that introduced the use of computers into political campaigns. So now [laughs] 80 percent of it is computers and stuff. But we never had computers before, never used it. But I at one time, right after I retired from the military, I had worked for the Census Bureau.

Morris: You told me about that; that's a fascinating story.

Adams: There I became [involved] in what you can do with demographics through a computer system. It was then just a natural step to apply that to politics.

Acting Resources Secretary, 1966

Morris: Was it because of your work on the 1960 bond issue campaign that the governor's people asked you to take over the Resources Agency?

Adams: That had a bearing on it, yes, because they knew I had been involved in that and I had contact with so-called all sections of people in the water business, irrigation districts, and water companies, and so forth. I had some understanding of their problems and their functions. So of any place in government, there were probably two areas or three areas that I probably had some qualifications to do. One was administrative; I think I am a good administrator and a good manager, and one would be politics, which I had worked in, and the other would have been in natural resources.

Morris: A sort of utility infielder? [laughter]

Adams: I had some expertise in all of these areas and so it seemed natural. When I came up on the transition team right after the governor's election in November of '66, that seemed to be a natural area to assign me.

Morris: Were there many people that were considered for the agency secretary job before they settled on Ike Livermore?

Adams: Oh, I think so, probably five or six in there. Livermore was a peculiar animal and fitted in particularly because he had a long history--he, himself, and his family, especially his mother--in involvement with the Sierra Club. In addition to that, the family owned a lumber company and Ike had--



Morris: Right, they cut down redwood trees!

Adams: Yes, and Ike worked in that, yet he managed to reconcile this with his activity in the Sierra Club. So it made him a little bit unique in this area.

Morris: My experience with lumbermen is that they feel they are strong conservationists and that they have to think about planting a tree if you are going to want to have cuttable timber.

Adams: Forest management is not a new gimmick. It's been going on by the professionals for years and years and years without government's influence. I was born and raised in the South where forest management was--well, raised up until I finished high school--forest management even then was widely practiced by people because people in the paper-production business had to.

Morris: They need fast-growing trees.

Adams: Yes, fast-growing trees. And they replant every tree they cut, so they had a new crop of trees every ten years. It is not surprising that people in the lumber industry or forestry industry understand forest management. Sometimes their practices are not desirable in certain aspects of it. The environmentalists get awful upset at clear-cutting and all this sort of thing. It is, in my opinion, undesirable because of soil erosion, mostly because if you strip a section of land, especially like northern California, you've got a lot of steep terrain and with the rainy season coming, you are going to have half the mountain down in the valley.

Morris: Or on the highway!

Adams: But anyway, that's the environment. I consider the most interesting and productive part of my participation in state government came after I was appointed to the water board. I thought this was where I was the most effective and this was where I did some things that I am very proud of. Like most people that do these things, I don't think I've ever gotten much credit for it! [laughter]

Morris: But the work was satisfying.

Adams: The work was satisfying and I know in my own mind and my own feelings that I can be proud of what I did.

I was always, I think, an unknown quantity to the (quote) "professional environmentalists." I've had some interesting contact with them. I have had some interesting letters and so forth from the activists in it, some praising me and some not. But they never really knew exactly where I stood, I don't think.

Adams: In other words, people who feel strongly in these areas--like the activists, the environmentalists, you find them in the Sierra Club, Friends of the Earth, or whatever--people on opposing sides, all of them have one thing in common, the water developers on one side, the water users on one side, the environmentalists on the other side. They have one thing in common: Unless you are a 110 percent for them, then they have grave doubts about you. My problem was that neither side could ever figure out that I was even 80 percent on their side, much less 110. So that was the situation I found myself in.

Morris: That's a very vivid way to put it. I would think, too, that even with cases that took three hundred days of hearings, that the water board would have been a more orderly kind of career existence than the governor's office with the number of people and the number of things--

Adams: Right, absolutely. Working in a governor's office, and I think any governor or president or so forth, is a very nerve-wracking way to live. I wound up with an ulcer on the damn thing.

At that time my doctor advised me to get out of it. I think the older you get, the less tolerance you have for the daily frustrations and irritations and long hours of work that you do. I think the turmoil that your mind is going through begins to have a very detrimental effect on your physical health.

Morris: The feeling I get is that there are constant interruptions that have to be dealt with immediately, without the time to sit down and--

Adams: Yes, you find yourself dealing strictly on a crisis basis, because you don't have time for anything else. You don't have time for reflection, you don't have time for study, you don't have time for all the things that I would consider necessary to function well or at the top of your ability; you don't have time to do them.

Morris: Did anybody ever try to put all the range of things to be dealt with on a computer, some kind of a program to stay on top of things?

Adams: Not to my knowledge. I don't know whether it really could be done or not.

Morris: I don't either. It just occurred to me from the things you did with demographics.

Young Republicans; Staff Recruits, 1966

- Morris: I have one last question and then I will let you go. This goes back to the first interview that we did, when you were talking about breaking the state down into seven areas during the '66 campaign and putting a professional full time in there. Where did you go to look for those people that you put in that spot?
- Adams: [laughs] I don't think I can answer that question. One of the people that I brought in on that is Mike Deaver.
- Morris: That's what you said and we hope to talk to him. Therefore, I thought I'd like to know some more about how he got involved in it.
- Adams: Mike was a graduate of San Jose State. He was a native Californian and he was born in Bakersfield. His major was poli sci. So he had an interest in politics. I suppose he had done some work--and this is vague, I don't know for sure--maybe on a volunteer basis with the Republican organization, the county central committee in Santa Clara County. So they had hired him kind of part time to work for the county central committee. In my work up and down the state, I came in contact with him and talking to him, he was a very bright young man with a lot of know-how and a lot of get-up-and-go and a lot of good ideas. I was trying to put the staff together at that time and so it just seemed kind of natural to ask him, "Would you like to join us?" Now, that was true of probably most of the ones I hired.
- Somehow or another, somebody would say, "Here is a bright young guy"--all of them were young--"a bright young guy over here, why don't you take a look at him?" There was one here named De Bolt in Sacramento County and there was one up in Marysville and there were a couple down in Orange County, one in L.A. County. They had done either volunteer work, showed potential, and caught the attention of somebody, either a party official or a legislator or somebody and they would say, "If you are looking for people, here is this young guy here. We'd like for you to talk to him."
- Morris: They were interested in taking on something they had no guarantee was going to last?
- Adams: Oh, no, they had no guarantee from week to week. What it was, I presented it as this: The Republican party in California is at its lowest ebb in history. We have no place to go but up. We have some party people now who are interested in the nuts and bolts and they are interested mainly in raising the money for us to function where we could function. So under these circumstances, would you come to work for us with no guarantees and with damn little salary?

Adams: So they said yes. They were motivated, but certainly not by money. It just worked out ideally. You could take these young people with their enthusiasm and energy and with the motives they had for coming in in the first place, and they were the greatest group you ever saw. The problem was to try to funnel their energies into a direction because they were off in every direction you could think of. They had unlimited energy and they were gung-ho!

Morris: That is a lot of responsibility to put on a youngster, even a bright one with an interest in political science.

Adams: Yes, it was a tremendous responsibility, and then when we did get-- We sold the idea: We have an election every two years, but we'll win those elections in the off year, not the election year--if we do all of the homework and we do the right organization, we do the right fundraising, we select the right candidate.

Then we offered them, "Okay, now we are going to do something different. We are going to take the census data that is readily available and we are going to put that into a computer and we are going to work up a political profile of this assembly district or this senate district or this congressional district. Then when we get this political profile, and then we'll know what kind of candidate we need."

Morris: How did these new ideas on a political profile and the presence of these young persons as the field men, how did this go down with the old reliables on the county central committees?

Adams: Generally, at the beginning, there was some resistance. But we really worked at turning them around. When they saw that this person was there, he had capabilities, he was there day in and day out and was somebody they could rely on, somebody that could do the work, God, they were overjoyed with it! [laughter]

Morris: Why don't we wind up here. You've been very patient and have really given us some marvelous insights, both on the governor's office and the water board.

Adams: I hope I've been constructive.

Morris: I would say very constructive.

Adams: --And helpful on your project.

###

Morris: While you were chair of the water board, to what extent did you stay in touch with the governor's office--either in connection with the water board or the governor's office questions on administration in general?

Adams: Very close touch. Of course I had a personal friendship with most all of the staff in the governor's office.

Transcriber: Michelle Stafford  
Final Typist: Sam Middlebrooks



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Ronald Reagan Gubernatorial Era

Paul R. Haerle

RONALD REAGAN AND REPUBLICAN PARTY POLITICS IN CALIFORNIA,  
1965-1968

An Interview Conducted by  
Sarah Sharp  
in 1982

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PAUL R. HAERLE  
ca. 1982

*Photo by Jack Stewart*





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## INTERVIEW HISTORY

In "Ronald Reagan and Republican Party Politics in California, 1965-1968," Paul R. Haerle shares recollections of several of the most political aspects of Ronald Reagan's years as governor of California. They include Reagan's approach to judicial appointments and to his informal bid for the presidency at the 1968 Republican national convention. Haerle's first work for Reagan's gubernatorial candidacy in 1966 as Marin County chairman was a long way from his very early political education. Remarking that he grew up in a Republican neighborhood in Portland, Oregon, Haerle recalls his first memory of political allegiance was from age four when he sported a sunflower button supporting Kansan Alfred Landon's presidential candidacy. A little further along, "I can remember crying myself to sleep," Haerle recollects, "when Tom Dewey lost in 1944," (and when Haerle was twelve years old). From this childhood political awareness Haerle matured into many additional Republican activities. Besides his role in the 1968 Republican national convention and his role as both secretary (1969-1973) and chairman (1975-1977) of the Republican state central committee in California, both of which Haerle discusses here, he held other important national party posts which should be noted. These include that of delegate and member of the Rules Committee for the 1972 Republican national convention; vice-chairman of the Republican state central committee; member of the Rules Committee (1975-1977) for the Republican National Committee; and assistant floor manager for the President [Gerald R.] Ford Committee at the 1976 Republican national convention.

Shortly after Thanksgiving in 1966, Haerle was asked to accompany Thomas C. Reed, Philip M. Battaglia, and Dirk C. Eldredge and others who campaigned for Reagan's November victory on to the new governor's staff in Sacramento. Commitments to his law practice in San Francisco prevented Haerle from joining the staff as Reed's assistant in appointments until after the inauguration in 1967. By examining the criteria used in making judicial appointments, Haerle offers unique insights into his own role in that process as well as into Reagan's style of governing. Communication with the State Bar Board of Governors, the local judicial selection advisory boards, appropriate assemblers and senators, as well as the candidates' own letters and files necessitated consideration of many factors for the numerous positions. According to Haerle, Reagan did not enjoy the actual phoning of the new judge, and so Haerle got to do it instead: "It was wonderful to be a thirty-five year old lawyer sitting up there calling all over the state telling people they were appointed judge." What Reagan did prefer as governor, Haerle contrasts, were "ideas, concepts, how to communicate them. What he was happiest with was working over his four-by-six cards and how he was going to communicate Cap Weinberger's latest idea about tax policy, what fiscal reforms ought to be initiated, and how it would cut down on waste in Sacramento, at his next speech, or in his next news conference, or in his next televised address of some sort or another."

Haerle also worked on Reagan's favorite son campaign for the presidency in 1968. In the same crisp, anecdotal style as he discussed judicial appointments, Haerle recalls his work in selection of delegates, assignment of hotel rooms in Miami Beach, and his connection with the "more-or-less secret office on Kearny Street in San Francisco" where staffers conducted much of the organizing for that campaign. Here the interviewee also answers questions about his work as secretary for the state central committee between 1969 and 1973 and his chairmanship of the northern California segment of Reagan's re-election campaign in 1970, as it proceeded to a relatively easy victory.

This interview is significant because Haerle speaks candidly about Reagan as governor and as a traditional political candidate. The bright anecdotes show the interviewee's ideas clearly. The single interview session was held on 26 May 1982 in Haerle's office at the firm of Thelen, Marrin, Johnson, and Bridges in San Francisco, where Haerle has been associated since 1956, except for the two years he was in the governor's office. Haerle sat back in his chair behind his desk and talked with his eyes closed, his feet resting on the edge of his desk, and his lighted pipe projecting out of one side of his mouth. His tennis racquet was poised on a chair by the office door as if ready for later action. He concentrated fully to answer the interviewer's questions. The interviewer returned the transcript, lightly edited, to Haerle who smoothed out phrases and filled in answers to additional questions directed by the interviewer. He returned the transcript well within the time allotted.

Sarah Sharp  
Interviewer-Editor

January 18, 1983  
Regional Oral History Office  
486 The Bancroft Library  
University of California at Berkeley

Governmental History Documentation Project Interviewees

Your full name Paul Raymond Haerle

Date of birth January 10, 1932

Father's full name George W. Haerle  
George W. Haerle

Father's place of birth Sault St. Marie, Mich  
Sault St. Marie, Michigan

Mother's full name Grace Soden Haerle  
Grace Soden Haerle

Mother's place of birth NYC  
NYC

Where did you grow up? Portland Oregon  
Portland, Oregon

Education (grammar school, high school, college, and the location of each school):

See interview





## I REPUBLICAN POLITICS IN MARIN COUNTY, 1960-1966

[Date of Interview: March 26, 1982]##

Sharp: What I would like to do is get some biographical background. First of all, what is your full name?

Haerle: My full name is Paul Raymond Haerle, and while the machine is running, I will be happy to give you biographical information that you can add in there. I was born in Portland, Oregon, on January 10, 1932, and educated in the public schools of Portland, first of all. Then two years of high school at The Principia, St. Louis, Missouri. Thence, four years at Yale, New Haven, Connecticut, from which I graduated in 1953 with a major in history and political science. Thence to the University of Michigan Law School, where I graduated in 1956.

From the Michigan law school I came immediately and directly to San Francisco where I associated with the San Francisco law firm of Thelen, Marrin, Johnson and Bridges, where I indeed still am. I joined the firm in the summer of 1956 and have been with them continuously except for the two plus years that I was with Governor [Ronald] Reagan's staff in Sacramento.

The firm was originally officed in 111 Sutter Street and now is at Two Embarcadero Center, San Francisco.

Sharp: How did you begin to get interested in politics?

Haerle: I was interested in politics almost, well not almost, I was interested in politics before I was eligible to vote. I think my family was always interested in world affairs. They were

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##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 46.

Haerle: internationally minded and I followed closely, as a young boy, the World War II period and the post-war period. And they were moderately interested in politics.

I was born and raised in a suburban, Portland, Oregon, Republican neighborhood and took an interest in politics very early. I can remember wearing campaign buttons for Wendell [L.] Willkie, in 1940 and believe it or not, before I even have a vague recollection of a sunflower button. And if you go back in your political history, you'll remember the sunflower button was Alf [Alfred M.] Landon in 1936. So, I had to be four years old; that's a very early memory.

I can remember crying myself to sleep when Tom [Thomas E.] Dewey lost in 1944. So, I was interested in politics early on and made the decision to go to law school after college with the clear intention and aim of getting involved in politics. I guess, if I had any ambition in college, it was to go to law school, graduate, get into the practice of law a little bit, and then run for Congress someday because I read somewhere that most congressmen and Senators were lawyers, which indeed was true then and now.

I didn't count on the fact that I would enjoy the practice very much too.

I was active, for example, in the Eisenhower campaign in 1952, in Connecticut, even before I was eligible to vote.

Sharp: How did you come to work on Reagan's gubernatorial campaign as chairman out in Marin County?

Haerle: I moved to Marin County in 1960 as a young lawyer and through oh, one was an old prep school contact, another was a legal contact I'd made in the practice of law here in San Francisco, I fell in with a group of young business and professional people, essentially suburbanites, commuters from Marin to San Francisco, who saw that Marin County Republican operations were quite inefficient, were essentially run by what would pass for, in Marin County, if you can believe this, an old "courthouse gang," and decided to do something about it.

Then Assemblyman William T. Bagley of Marin County was active in forming the group, which was known as the Marin Republican Council [MRC]. It had just gotten going in the early 1960s, and I was invited to join it. I did join it.

I went on the board of directors of the organization, which essentially was all there was--a board of directors of twelve people and several hundred people who paid dues. We were

Haerle: essentially workers; we weren't big contributors because we were all in our thirties and early forties. The oldest person was probably in his early forties.

We then made it our business to find candidates to run for local office, help work on precinct matters, find people who would raise funds. Our first success was in recruiting congressional candidate Don Clausen who eventually was successful in January '63. And [we were] getting involved in state assembly, state senate, other races, and eventually presenting candidates for the local county central committee, which, in due course, the Marin Republican Council organization effectively took over, for all practical purposes. Not that that, in retrospect, was the greatest achievement, but at the time it seemed significant.

There was a lot of ferment in the Republican party in California. It was the time of the Rockefeller-Goldwater primary race and a lot of soul searching and, indeed, quite vigorous infighting as to the future of the Republican party: should it be the moderate image of Nelson Rockefeller, in the so-called eastern establishment, or should it be the western, the new western breed, conservative image of Barry Goldwater?

The Marin Republican Council was more or less split down the middle but, inasmuch as we liked each other very much personally, it was a very harmonious group and this split didn't hurt us very much as it did other organizations.

I found myself on the side of Goldwater but not at all appreciating the John Birch types that ran the Goldwater campaign, at least in Marin County. I didn't like them and they didn't like me. By 1965, I had become the chairman of the Marin Republican Council, and known as conservative but not a John Bircher by any manner or means.

There came to Marin County from Texas, I believe, a gentleman named Thomas C. Reed, who was unknown to all of us. We thought, humorously in retrospect, he had a certain amount of effrontery to start practicing politics in Marin County without our blessing. But turned out he was a lot smarter, a lot tougher, and a lot richer than the rest of us, and very quickly, because of contacts he'd made in the '64 Goldwater campaign, he was appointed northern California chairman of the then embryonic Reagan for governor campaign.

I'm talking 1965 now. He approached me late in 1965, and at one of our very first meetings asked me if I would be interested in taking on the Marin County chairmanship of Reagan. Though I'd only heard Reagan once, I'd come to the conclusion that the votes

Haerle: in California, as far as the Republican primary were concerned, were pretty clearly in the south and not in the north. And it was going to be a long time before a northern Californian won a Republican primary. Even though most of my friends and colleagues in the Marin Republican Council supported George Christopher, I decided that I would accept Reed's offer because I liked what Reagan said, I liked the way he said it. I decided he was going to win. And I was still essentially conservative too.

So after I had finished my chairmanship of the MRC, in the January-February, 1966 period, I promptly signed on board as the Marin County chairman of the Reagan campaign.

Sharp: What did working as county chairman involve, in terms of the campaign?

Haerle: It principally involved, in the primary campaign days, mobilizing a group of volunteers who would do all sorts of chores. You could not rely upon the party organization because it had to remain neutral in the primary and it was a very vigorous primary, as the newspapers of that day will reflect.

In Marin County and all of San Francisco Bay area, Christopher was by far the more popular candidate. He was a northerner, a well-known and well-respected former mayor of San Francisco.

So, what it involved, in Marin County, was essentially keeping the flag flying because in that county we knew we were going to get creamed (as indeed we were by about a two to one vote). It involved finding plausible people. By plausible I mean hard-working, conservative, and not John Birchers or other identifiable extremists.

The Reagan campaign, run in southern California, by Bill Roberts, Stu Spencer and various sorts of the financial types that subsequently became known as the LA Mafia, made a clear and correct policy judgment that Reagan had to take the best of the Goldwater '64 movement and build on that, that he had to exclude from the campaign organization known John Birch types.\*

Today that may seem silly. The John Birch Society is impotent; in fact it always was impotent. But it was a big press issue then. If you were a member of the John Birch Society, you were a--. The

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\*Readers are directed to interviews with Roberts and Spencer in Issues and Innovations in the 1966 Republican Gubernatorial Campaign, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1980.



Haerle: press just went after you, and they would try and paint Reagan into the corner as they did Goldwater, as some sort of a right-wing extremist, and controlled by John Birch Society types.

Our orders were [to] exclude them, to try and get young business and professional types, women who were not just old conservative fogies but were intelligent, active, presentable people, yet an organization that would raise a little bit of money for local county use, open a headquarters, do local ads in the local newspapers, just all the other things that one does in carrying on a campaign, at the grass roots level.

We did try to identify the voters where our strengths were and get out that vote. In those days, bumper stickers were very fashionable form of advertising. So get bumper stickers out. Get small signs up on property where they would permit signs. And that's done much less these days, where television has taken over as a much more effective medium.

County organizations, in the '70s and '80s have by and large been minimized because as Jerry [Edmund G.] Brown [Jr.] proved in '74 you don't really need an organization to win. All you need is good television ads and good television presence. But in those days it was thought that county organizations were a big deal.

So a lot of time and effort were spent. It was a good way to keep volunteers busy with telephone calls to neighbors and getting lists of the supporters to run in the local Marin County newspaper and even weekly city papers. You know the Mill Valley Record, the Tiburon Arc, etc.

Sharp: Did Mr. Reagan come into Marin?

Haerle: Once, in the primary. It was memorable because we did such a poor job in turning out a crowd. We brought him in, and brought him to the headquarters, probably got maybe a hundred people in the headquarters. Then I remember we tried to figure out a way we could get him some exposure at a shopping center.

That was a rainy day in the spring, and we took him over to a shopping center in Greenbrae which is popularly known as Petrini's. Well, I forget what the name of it is formally, everybody thinks of it as Petrini's because it's a very famous supermarket there. We'd advertised it as best we could, but there was practically no crowd. He contented himself with shaking hands with a few shoppers who were coming in and out of Petrini's. It was not a great success. That was his only appearance in Marin County that I recall, in the primary campaign.

Sharp: Were you content with the work that you were able to do in Marin given the popularity of George Christopher?

Haerle: Oh, yes. We found people who had been involved in the Goldwater campaign before, that weren't involved in other campaigns before, who were not Birchers and we formed a nucleus in Marin County that was plausible, respectable, and we kept our good relationships up with the Christopher campaign.

A good friend of mine, Chuck Michals, ran the Christopher campaign in Marin. I think that was probably the main advantage, that we kept it at such plane personally. So much so that on election night, I think it was, you'll find out if you look back, June 7, 1966, why, the chairman of the Christopher campaign could easily walk down the street and come into headquarters, Reagan headquarters, and congratulate us and pledge his support. As far as Marin County was concerned, the two Republican campaigns were melded and wedded together immediately, with no hard feelings.

That was an achievement in and of itself because so often, thereafter, for example Kuchel-Rafferty, 1968 and other such campaigns, it was almost impossible to do that. As a matter of fact it was impossible to do that. There was such bitterness between the candidates.

Jumping ahead two years, that's why Alan Cranston is Senator now. Max Rafferty knocked off Thomas Kuchel in 1968 and the two factions just refused to speak to each other afterwards, and Cranston just waltzed in.

Sharp: I have two questions. When I talked with Mr. Reagan about this campaign, he made a point of telling me that after the primaries, there was a lot of absorbing of Mr. Christopher's workers into his own campaign. I wondered how that might have directly affected your work in Marin.

Haerle: Well, he's right. That is exactly what happened. It was deliberate. My recollection is, now that you jog it, that the polls were favorable. We knew we were going to win and I think we had telegrams or letters ready in Los Angeles to--and I can't remember whether they were telegrams or letters--the key Christopher supporters around the state, inviting them to come in.

They were brought in at the highest level. For example, that's how Leonard Firestone got involved in the Reagan campaign because he was an active Christopher supporter. The same thing with Arch Monson, here in San Francisco. They were invited in that way.

Haerle: I don't think I specifically sent the wires myself. I think they were sent out of Los Angeles. But we followed up up here with phone calls.

There was no problem at all because, oh, it was a heated primary but there was nothing personal hurled back and forth. And because the Reagan people had made it a successful effort to keep what we called the right-wing nuts out of running the campaign, the Christopher people had no problem in getting aboard, for the most part.

There were some [problems]. I can recall one example, in Marin County, of an individual who retained his bitterness and unhappiness and thought Reagan was too conservative and never did climb aboard. But that was a very rare exception.

So, it was successful because the Republican party became united immediately and wanted to keep Pat [Edmund G.] Brown from his third term and did.

Sharp: How did the work change after the primary when the Republican party could then, was then allowed to be supportive. The tradition is before the primary, there is not any—

Haerle: We were allowed to enter the front door as far as the state-wide campaign was concerned. Before that the Reagan campaign just didn't pay any attention to the north generally. They couldn't. The time was spent in LA, Orange County, San Diego to work from strength.

Which was a correct judgment. To the extent he did anything in the Bay area in the primary, he did it in those counties where there were some votes to be had, Contra Costa and Santa Clara Counties, for example, where there were votes to be had for someone with his philosophy. He stayed out of San Francisco and Marin.

My own personal judgment at that time and now is that one's oppositor to Ronald Reagan was in direct proportion to your proximity to the publishing plant of the San Francisco Chronicle. The Chronicle was virulently anti-Reagan in the Republican primary in '66 with scads of anti-Reagan jibes, cartoons, editorials.

After the primary was over, all of a sudden Republicans in the north started saying, "Gee, this guy may not be so bad after all. He's plausible and he put on a heck of a campaign." And all of a sudden, the people down south would pay attention to a northern California, relatively populous county such as Marin.

Haerle: So, Marin County began getting attention from the state, state organizers. Professionals would come in. I think Bill Roberts came up at least one time and spoke to us. Money was much easier to come by. We were permitted to keep some of the money we raised in the county. We had a quota we had to raise for the state organization. But what we raised above and beyond that we could spend ourselves and use for newspaper ads in the [Marin] Independent Journal and the weekly papers I described.

The scent of victory was in the air. And when the victory scent is in the air, you have no idea how many friends you have all of a sudden. People come out of the woodwork that you've never seen before.

It was the difference between being a stepchild and having to come in the back door and all of a sudden being fully accepted on a political basis. You were a northern California county but you have some votes to deliver now. Before, in the primary, you didn't really have any votes to deliver, realistically, Where Reagan had to pile up his majorities in the primary was Orange, LA and San Diego Counties, and environs and he did.

Sharp: But you'd only met him once?

Haerle: I think I'd met him twice. He actually came in in an exploratory speech in '65 at a restaurant in Marin, and then and there, I think, dropped the famous line about redwoods, "You've seen one tree, you've seen them all." He subsequently denied he said it, but my recollection is he said something very close to that, at that time.

Sharp: Did you think, "Oh my God"?

Haerle: No, I did not at the time because my sensitivities on environmental matters were not as acute as they are now, and perhaps because I was more conservative and more business oriented then than I am now, believe it or not. So if he'd said at a later point, I might have said that. But at that time, we were going through big fights about the Redwood National Park and a lot of people felt that the Sierra Club was taking an extreme position. If he said it at the time, I suspect that I laughed along with everybody else and didn't think it was all that insensitive. I guess my sympathies to the environmental movement, if you can call it that, have become a little bit better since then.

It didn't seem all that big a blooper to me at the time. It certainly did to the Chronicle and the papers that followed the thing. But bear in mind that nobody who was in the forefront of the Sierra Club movement was going to vote for him anyway. He didn't lose any votes by it because he wasn't going to get those votes anyway.



## II THE GOVERNOR'S OFFICE, 1966-1968

### Staffing the Office

Sharp: What all led up then to your coming into the governor's office as appointments secretary?

Haerle: First of all, I never dreamed that any such thing would ever happen. My assumption was that the campaign would be over and I would go back to the practice of law. The idea of going to Sacramento had never dawned on any of us to my knowledge.

But two things happened, this is speaking combining the memories of the actual events and what I found out in retrospect. The first thing that happened is that the wealthy Reagan backers, in southern California, Holmes Tuttle, Cy [A.C.] Rubel, Henry Salvatori, and their sort of spokesman-agent, William French Smith, made it pretty clear that they had no intention of pulling up roots in their lovely southern California homes and moving to such an abominable place as Sacramento.

The vacuum was filled from the campaign organization. You essentially had two types of people. You had financial backers and then you had young lawyers and businessmen that were the county and state-wide campaign volunteers. There was a third type which was professionals but they were what they were, and they were limited to maybe a half a dozen people: Bill Roberts, Stu Spencer, Dick Woodward. They were not really thought of, nor did they think of themselves as, likely material for topflight administration positions.

So it was the middle class of 30s, 40s, young men types who were immediately looked to. I didn't perceive this from my vantage point, but it was perceived immediately by Tom Reed and, more to the point, by the southern California campaign leadership. And that was composed by three young men: Phil [Philip M.] Battaglia,



Haerle: a Los Angeles lawyer, about my age; Dirk [C.] Eldredge, who was the southern California chairman; and Richard M. "Sandy" Quinn, Sandy was his nickname, who had been an assistant to Battaglia. The first two, as with Reed, were volunteers, unpaid. Quinn, I'm not clear about. He had been kicking around in Republican politics in California before this, so he was not exactly a political virgin as the rest of us were, but he had some role in the southern California campaign.

Before too many weeks had passed, Battaglia, Eldredge, Quinn, and Reed had been asked by Reagan personally (presumably after Reagan consulted with Tuttle, Rubel, and Salvatori) if they would come to Sacramento in one capacity or another. Another person who was asked, he was that rare breed of a professional, a salaried campaign worker, who'd established a personal relationship with Reagan, and wanted to go to Sacramento, was of course, Lyn [Franklyn C.] Nofziger. Lyn had signed aboard about half way through the campaign as I recall it.\*

Bill Roberts would be the best person to actually tell you who asked who when in the fall of 1966.

By Thanksgiving time of 1966, the transition was established on Capitol Mall in Sacramento, staffed principally by Battaglia, Eldredge, Quinn, Reed, Nofziger, and others whose names are now forgotten to me.

Reed brought up Mrs. Anita [Nita] Wentner, now Anita Ashcraft, to assist him. He was asked by Reagan or Battaglia or both, and I don't know which, to be principally responsible for the personnel process, the appointments process. Reed responded that he did not want that job permanently, but would take it for the first hundred days--Tom has an element of the dramatic in him and he liked the idea of the "first hundred days." So he'd take it on for a while but approached me around Thanksgiving of '66: would I be interested in it thereafter?

I went to Sacramento and met with Battaglia, Nofziger, Quinn, Eldredge. I'd known them all a little bit during the course of the fall campaign and was offered the job. I went back to my firm, talked

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\*See Nofziger's notes on the campaign in Issues and Innovations in the 1966 Republican Gubernatorial Campaign, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1980.

Haerle: with my senior partners, and came to the conclusion that I was not going to be able to accept it because of an ongoing major piece of litigation that we had. A very senior partner in the firm discouraged me from accepting. So I declined.

Then inaugural time came along. I went to the inauguration and visited Reed up there and the other people in the office, still well known to them as the Marin County chairman. The patronage process had already started and they were being asked for recommendations for various early appointments.

Along about January 10, 11, 12, I forget which now, in 1967, I was in a hotel in Los Angeles. Reed tracked me down and said, in effect, "You have one last chance, do you want to reconsider?" By that time the major litigation was in the process of settling. My conscience was clear even though the objections from my boss [were still there]. My conscience was clear and I said, "I'm going." In effect I made the decision on the basis that it was just something that if I turned down, I'd probably regret it the rest of my life. So I said the heck with it, even if I don't get offered a job back in my law firm, I'm going to go.

I'd been a partner in the firm for two years at that point. I withdrew as a partner; it wasn't a leave of absence, because there was no way I could do that because the firm did too much business with the state of California. If not business with, then litigation against almost without end. So I withdrew as a partner and rented out the house and moved to Sacramento and started out as assistant to Tom [Reed] in late February of '67. I had a clear understanding that I would succeed him on April 1, 1967, which I did. And stayed till March 31, 1969.

My first title was assistant appointment secretary but that just lasted about a month and a week, five weeks as I recall it. I just worked out of a desk in Tom's office.

Sharp: When you came in and you were in the job as of April, what were your first impressions of the people that you were going to be working with?

Haerle: It's difficult to recall my first impressions. The first impressions, of course, were gathered during the interviews, in the fall, and contacts during the campaign. It wasn't as if I knew them all anew. I knew Battaglia a little, Quinn a little, Nofziger, from the campaign. So it wasn't brand new.

Without answering your specific question, I guess my first impressions of the job were how much faster paced government and politics is than the law practice is. In the law practice lawyers

Haerle: like to say things over two and three times, repeat each other's statements, and restate each other's positions. In government, it just sounds slightly crude, you'll have to pardon me, but it's the way I said it, in trying to describe it for friends. The difference between the practice of law and the state government is that the major decisions, affecting who got appointed to what or how to handle something, might be handled in a thirty-second conversation in the men's room, in Sacramento. Whereas in the law office, they would be debated back and forth maybe for days. We did not have the time to debate it back and forth up there.

To answer your question more directly, my [first] impressions of people up there were practically uniformly favorable. They were all about the same age. They all had similar backgrounds. Nobody was significantly older than anybody else except for Vern [Vernon L.] Sturgeon, a former state senator who was in charge of legislative liaison with the state senate. Everybody else was somewhere between the age of thirty and thirty-nine.

I found Nofziger, the ex-reporter and now press secretary, the most fascinating because of his great wit, some of it occasionally clean, remarkable ability to make a pun out of almost anything, and delightful irreverence. I also found the pace of it much to my liking.

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Haerle: You would consistently work a fourteen and a fifteen-hour day, in the early days there. I think the major problems we had in the first few months, is that we adopted an unfortunate us-against-them sort of, an attitude which I attribute to all of us in general, but probably to Battaglia in particular.

We looked at the Republicans, for example, in the assembly and in the senate, as somewhat antithetical to our interests. They were the establishment Republicans. They'd been there for years and years and years and most of them had backed George Christopher, and most of them had done business in the same old way under Pat Brown and Earl Warren and beyond that. We thought we were a new broom. We had the arrogance to think that we were cleaning out the Aegean Stables, as we looked at our job up there. It was almost a messianic attitude and an attitude of superiority to the existing Republican establishment in Sacramento.

That attitude changed gradually simply as we got smarter and as we realized that we really did have the same interests and they weren't so bad. They realized we weren't so bad too. We both mellowed. By the end of 1967, particularly with the changing of the guard, with Mr. Battaglia and Mr. Quinn leaving and Bill [William P.] Clark [Jr.] taking over as executive secretary, and George Steffes taking more responsibility in the legislative area and sharing it with [Vern] Sturgeon, it all improved.



Haerle: But to answer your question most directly, by and large, I had a very favorable attitude of the people I dealt with. I regarded them as smart and tough and hard working and we essentially shared somewhat the same, almost the same political outlook of life, which was conservative, but trying to avoid extremism and trying to avoid the errors of the past, too.

Sharp: When you talked about having some sort of messianic feeling, was that reinforced by your age?

Haerle: Yes, I think that burgeoning essence of youth and [the fact] that we didn't have that much practical political experience both worked to produce this attitude. The idea that you had to compromise to get somewhere with the legislature, the idea that you might not get a vote out of Senator Jones if you'd just appointed Senator Jones's arch-enemy as judge in Senator Jones's county had not really occurred to us. [Nor had] the fact that effective politics was inevitably a quid pro quo game and had to be played as such if you were going to get anything done.

I think some of us in our naiveté and our exuberance maybe understood that but regarded it as unnecessary and entirely too pragmatic, and we were going to try to do things differently.

Well, to a certain extent we did. One thing about the eight Reagan years in Sacramento, I don't think anybody can point to a tinge of corruption. Nobody wanted anything and nobody got anything, and nobody took anything. So it was as clean as could possibly be from that aspect by and large.

Of course, California government had always been that way as compared with eastern state governments and municipal governments along the line. But the quality of people that Reagan could attract made that clear. We regarded ourselves initially as above and beyond the compromising sort of staffers, but that changed. After approximately eight, nine, ten months to a year, we could do business a lot more effectively with the Republicans in the legislature and did so.

Sharp: Did Mr. Reagan feel like you?

Haerle: I don't know. It is very difficult in looking back over my relationship with him ever to know exactly how he felt. I think he is much better as I watch him on television as president, much better in dealing with Congress than he was in dealing with the legislature in Sacramento.

In his initial years in Sacramento he exuded an attitude of intolerance for legislators. This was reinforced by the fact his wife [Nancy Reagan] is hardly the ideal person to rub shoulders with

Haerle: legislators. None of them were wealthy. None of them, with very few exceptions, measured up socially to what she was used to in Pacific Palisades and the group they ran with socially there. So, there was sort of an ill-disguised contempt running from Nancy to legislators and legislators' wives. And the word that best described Reagan's early relationships with the legislators is aloof.

It was only after Battaglia left that things improved. Battaglia was a great turf protector and his general attitude was that Reagan would not be exposed to much except through him. We had to protect him [Reagan] and keep him away from the press and keep him from putting his foot in his mouth--that was Battaglia's attitude.

Bill Clark set about to change that and open Reagan up; he in effect said, "This guy is innately a lot smarter than people give him credit for. Therefore, he will meet with legislators more, one on one, or small groups, he won't just go make speeches to them en masse and then leave. He will get out and mix with them."

It was very difficult still, to get him to mix socially. The thing Ronald Reagan did least well is go across to the Comstock Club in Sacramento and have a drink with the boys. It was like pulling teeth to get him to do that. He would invite them out to his, the governor's mansion, the rented mansion so-called, and there would be dinner parties there for groups of legislators and their wives. But the parties were quite rigid and the legislators were always let know one way or another that about nine thirty or ten o'clock they were expected to go home, please.

Sharp: I heard exactly the same feeling from Reagan too. It really reinforces it.

#### Criteria and Process in Judicial Appointments

Sharp: I'd like to know something about the way you worked. Could you make some general statements about the process of appointments? Then I'll back you up and get into some more detail.

Haerle: The way I worked personally in the appointment secretary's position?

Sharp: Yes.

Haerle: Well, as with most things in politics and government, it would go sort of on a crisis-to-crisis basis. We sort of worked at it backwards as I recall it now. I would determine from the scheduling



Haerle: secretary, Patricia Gayman, when the next appointments' meeting would be scheduled with the governor. I tried to get, on the average, one at least every two weeks. Occasionally we would have one once a week, sometimes every two weeks.

Then, from a large black book which the permanent staff of the appointments' office kept, it was fairly easy to figure out which were the critical items that had to be brought to the governor's attention. By critical items, I mean those appointments that were unfilled but were most urgent to be filled. "Most urgent" could be defined in the classic squeaky wheel manner--where were the squeaks coming the loudest?

If a director of department X did not have a deputy, and was screaming for one and saying, in effect, "If you don't appoint somebody, I'm going to appoint a friend of mine or send his name over," then we had to do something about that. If the presiding judge of Los Angeles County who, interestingly enough, was Donald Wright in those days, would call and say, "Justice is falling apart in Los Angeles County unless I get three more judges immediately"--that would be the squeaky wheel. And if something had been unfilled for a long period of time, why we would know that. We would, in fact, try and prioritize our work.

Also priorities would be automatically created by the prestige of the position. If there was a vacancy, for example (as there were a couple in my day) on the Board of Regents of the University of California, probably the most prestigious appointment the governor had to make except for the state supreme court, that would be relevant too.

Then we would see how much we could get done. Getting something done would mean trying to make sure we had all the possible candidates in mind for the position. If it was a judgeship, all the lawyers who were plausible to be considered, or lower court judges who were plausible to be considered. We screened them via a constant telephoning process. Of course, I would review the files, but the files would be accumulated in an office across the hallway--people would write in and form letters would go back--so I would never see the files until the time came to consider a particular appointment.

Written files did not really matter that much to me or to my predecessor Reed or successor [Ned] Hutchinson. Reed coined a phrase which I think is adaptable both to that day and other days, that a "person's fitness for public office is in inverse proportion to the amount of paper accumulated on his behalf." So that the fact that the person had five hundred letters in his file recommending him proved that he had lobbied hard for the job. It also established, in my mind, that he needed the work.

Haerle: We prided ourselves--probably 75 percent accurately--that we were trying hard to find people to fill permanent positions that didn't need the work. In other words, that they were employable outside of state government. It was easy to find somebody who was only employable in state government. I mean there are lots of people who need a job but we wanted people that were employable in the private sector, not just in government.

By and large, I think we succeeded, particularly in the early days. As far as judgeships are concerned, with which I spent the most time, I had a philosophy, with which I was personally imbued, and which was no difficulty in selling to the governor. It was that you should first of all find people with a compatible judicial philosophy. You didn't have to say they would be Republicans but by and large they would be Republicans.

In some places such as the Central Valley or San Francisco, there could be a good conservative Democrat. You could find an Irish Catholic or Italian Democrat in San Francisco who was a lot more conservative than some Republicans are on the issues that mattered in those days, which were principally law and order. So that we considered, first of all, about a conservative judicial philosophy.

The second point would be that he [the candidate] had a good reputation among his peers. Pat Brown had left office in 1966 leaving a very bad taste in people's mouths with several dozen December 1966 appointments of not very well-qualified, or some not very well-qualified, people. Certainly some of them were qualified but some of them were only marginally qualified, and some of them were just plain terrible.

So we had no place to go but up. My thought was to find good judges or good lawyers or lower court judges who had good reputations as lawyers but also had a conservative philosophy.

The third criteria was that they would be young enough they'd be around for a while. It was easy to find lawyers who were sixty-five years old, who in our phrase, wanted to "retire to the bench." We tended to try and avoid that. It was very difficult sometimes and we made some mistakes in that certainly, but we tried to avoid that. I specifically tried to look for, I think I set up rather arbitrary criteria that somebody in their thirties for the muni [municipal] court, and then the ideal age to put somebody on the superior court would be, very roughly, starting at age thirty-seven and going to age fifty. So that we could be assured that they'd be on the bench for a minimum of fifteen years, assuming retirement at sixty-five (they didn't have to retire till seventy under California's pension system).

Sharp: I saw an article in the Sacramento Bee, it was an interview with Ned Hutchinson in 1974, and he was reviewing the area of judicial appointments.\* He outlined the way Mr. Reagan worked at least when Ned Hutchinson was appointment secretary. If a trial appointment was to be made, Mr. Reagan would perhaps send the names of a variety of people to the Board of Governors of the California State Bar, and they would rank him or her. He also would send the same names to the nominee's county for their opinions. Then Mr. Reagan would pick from the results.

Haerle: That's correct. We did something new, and we also followed something old, too. Pat Brown and perhaps even [Earl] Warren before him, I forget, had agreed that all judicial appointments would be cleared through State Bar Board of Governors. The state bar would rank every potential nominee or candidate with one of four grades: EWQ was extremely well qualified, WQ was well qualified, Q qualified, and NQ not qualified.

If I were, or Ned [Hutchinson] was, to send a list of say four candidates for San Francisco superior court judge to the state bar, in due course (due course being somewhere around thirty to sixty days) we would get back their rankings. We decided, and I don't exactly recall why except possibly a suspicion of the State Bar Board of Governors as a little more establishment minded (establishment in those days meaning sort of the bipartisan, i.e. they could switch hit or go either way, Republican or Democrat) to establish a redundant system alongside that, and we set up something called JSAB for Judicial Selection Advisory Board.

They were set up on a county basis. The Judicial Selection Advisory Board, with some exceptions, was composed of one lawyer, usually the president of the local bar association, or his nominee, one judge, and three laymen. We would try to, as best we could, see that the lawyer member of the Judicial Selection Advisory Board, if possible was a Reagan sympathizer. But that wasn't always possible because we gave it to the bar association to do the designating. The judge we would pick ourselves and if there was a Republican judge on the bench in the county, we'd pick him. Or we'd take the presiding judge, if there wasn't. The three lay members would be appointed by me. Confirmed by absolutely nobody, reviewed by absolutely nobody.

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\*See "Reagan Marks Judiciary," by Ronald Blubaugh, Sacramento Bee, 27 October 1974.



Haerle: It worked out to be quite a satisfactory system. First of all because the three lay members were very pleased with their appointment. It was a form of patronage of which California has very little. So they, a good hard-working, say, banker in San Joaquin County who was a Reagan contributor and helper and had nothing else by way of a Reagan appointment, because he darn well wanted to stay running his bank in San Joaquin County, would find himself a member of the San Joaquin County Judicial Selection Advisory Board and tell his friends that, tell the people at the county club and the rotary club that, and that was a relatively big deal. And indeed it was because he got to, in effect, tell me by letter what he thought of candidates 1, 2, 3, 4, for the San Joaquin County superior court spot.

We encouraged these groups not to meet. We said we thought that they ought to give us their opinions and evaluations of the candidates separately. We didn't want them to meet because we didn't want them to be dominated by the professional members. We thought that a housewife, for example, who had been the Reagan chairwoman in San Joaquin, to keep up with that analogy, might get intimidated or overwhelmed if a superior court judge came out with his evaluations of candidates 1 through 4. She might copycat him.

So the letters all would come in to me with individual evaluations. These requests for evaluations would go out approximately simultaneously. My secretary would spend a lot of her time sending out letters to, first of all, the state bar and, practically simultaneously, to the five members of the local board.

The local boards' composition varied a little bit in different counties. In San Francisco, there were two bar association members rather than one because there are two bar associations. In Los Angeles it varied slightly, in another way and I forget now what. But these names were never made public. The press pushed and pried for it but we said no, we were not going to do that. In small counties, it was well known who was on it and who wasn't. In major counties it wasn't and nobody cared after the first few months.

Sharp: Now appointments, judicial appointments at the appellate level would work somewhat differently, I imagine. There was this Commission on Judicial Appointments, headed by Roger Traynor.

Haerle: Which is set up by state statute, you understand, and you can't do anything about that. We did not set up a judicial selection advisory board for that. Although in Los Angeles County, which comprises the second judicial district, I think we used the Los Angeles JSAB to pass on candidates through there.

Haerle: Also, overriding and superceding all of this, I should mention this fact that when there were some appointments that really mattered to the Los Angeles finance establishment (the mafia as we called them), [William] French Smith would let me know. I would be in touch with him fairly regularly in any event.

That group continued to exist and communicate their wishes to me by telephone. Also, I would often meet with Smith in person in Los Angeles and review what was going on with him. There were never any strenuous disagreements, except in a few instances. But if he had, or the people who financially backed Reagan had, particular candidates that they wanted considered and considered carefully for such a spot, he would not hesitate to make his wishes known. But he would always do so in a very gentlemanly and careful manner and never tried to personally muscle up on me, so to speak.

Sharp: Did you have assistance from this formalized "major appointments committee for northern California" that I sent you a copy of?

Haerle: No, by the time I arrived there and took over in April of '67, that had largely fallen apart. That organization existed largely on paper. It undoubtedly met in the early days, that is the fall of '66 and early '67. Lee [Leland] Kaiser, the top person on the list, would come to Sacramento, make his views known. If something was important in northern California, he would be asked and Jack [Jaquelin] Hume would be asked. The others were really volunteers, scattered around the countryside. It was difficult, logistically to get them together. And besides which, Tom's [Reed] attitude and my attitude was, the less they got together, the better because large committee meetings on the subject would be much more trouble than they were worth.

So, if you really wanted to know something, for example about Santa Clara County, you would call Vernon Cristina. If you wanted to know something about Yuba County or Sutter County, you'd call Roger Chandler. If you wanted something in Humboldt County, you'd call Bob [Robert] Barnum. These are all names on your list. For a major appointment in the Bay area, you'd probably call both Hume and Kaiser, Lee Kaiser.

But if you got them all together in a major meeting, you were just asking for trouble. Because anytime you get politicians and particularly wealthy political contributors, as some of these were, in a meeting, they'd try and tell you how to run everything from A to Z--and that's what you didn't need. So, we discouraged them from meeting.



- Haerle: Occasionally they would meet and come to Sacramento and then there would be all sorts of criticisms about this, that, and the other thing. And after forty-eight hours, it would all blow over and nobody'd pay attention to them again. Till the next meeting we would have to have.
- Sharp: Can you give me some examples of how you might have worked with Mr. Reagan on some specific judicial appointments?
- Haerle: All right let me go back. Let's stay with our example. San Joaquin County, and there were some examples of this. A judge would die or a vacancy would open up. Immediately the letters would start piling in. The first people you would contact would be the Reagan county chairman and the Republican county chairman to help set up the local Judicial Selection Advisory Board. You'd do that.

You would talk promptly, if you were smart, with the then Republican assemblyman from San Joaquin County, who was Bob [Robert] Monagan, who happened to be the Republican leader of the assembly. You'd find out what he thought. He, being a smart politician, was not about to commit himself immediately, he wanted to see which way the wind would be blowing.

Eventually the candidates would start surfacing, writing their letters, and making their applications known and their availability known. You would probably also find out from your Reagan contact in San Joaquin County, what other lawyers were not putting their applications in because they were reluctant to do so. They had successful practice and didn't want to be seen and campaigning for a spot if they weren't likely to get it.

You might eventually ask that your contact point of San Joaquin County go to lawyer Jones and say to lawyer Jones, "Why don't you put your application in? You can get considered. They're looking for good people. Just because you're only forty-three years old, that's no bar. I'm sure your competition is sixty-five but they don't want sixty-five year old lawyers. They want forty-three year old lawyers so get your application in."

That happened a number of times. We would then send the resumes out for evaluation as I mentioned to you earlier, to both the state bar and the local JSAB, wait, ask them to get their answers in in thirty days. At the meeting then next scheduled, we would prepare a spread sheet.

A spread sheet was usually on eight by eleven [inch] paper, done sideways. On the left-hand margin we would list the names of the candidates and across the top we would list in columns names of the evaluators. The first column would be for the state bar and the next five columns would be for the five separate members of the individual JSAB.

Haerle: The local JSAB was encouraged to rank in the same way that the state bar did, those same letter grades that I mentioned before.

Then we would take the spread sheet in and give the governor the results and make our recommendations and he would make the selection. Now that's an oversimplification because we had a cover memo with this. We would make our recommendations via the appointment staff, Jim [James] Crumpacker and I, in the cover memorandum. If there were some practical considerations or things we thought were important, we'd bring it to his attention at that time. If so and so had a drinking problem, we wouldn't say so in writing, but we would say there may be some problems with candidate A. Then we would orally say, "Candidate A is widely known to be a bit of a boozier in his county. You might want to take that into account."

If all grades came out approximately equal, which is a nice flexible phrase, our attitude was that the candidate in the Reagan establishment who was very interested in politics and very loyal, and who worked for his election hardest and wanted it, ought to get it. If all of the things were not equal, then the apolitical type who didn't have any black marks against him, but hadn't done anything particularly for us, would get it.

We would not appoint, and never did appoint, an unqualified or marginally qualified individual, just because he was a good Republican or a good Reagan supporter over somebody who was not. But very definitely, we would give consideration to that factor--if things were equal or approximately equal.

That's a point the governor was quizzed about in press conferences and neatly sidestepped (as he is very able to do) by saying that politics didn't enter it into as far as his consideration was.

That was technically correct, but politics sure entered into it as far as I was concerned, because I believe now and believed then, you reward your friends and punish your enemies. One of the rewards is an appointment of this sort. We were not about to appoint people or recommend the appointment of people that were antithetical to his [Reagan's] philosophy and, if possible, we would appoint people that had supported or, if they had not supported him, at least had a philosophy of law and the role of the courts in society which was consistent with his.

It was almost a deliberate effort not to get him involved in some of that nitty gritty. We never talked about it that much with him. But I think there was an implied understanding about the politics of the thing and finding the guy that best reflected his

Haerle: philosophy down at the staff level so he could maintain his chastity, as it were, in front of the press corps. But the considerations were clearly there, but not, as I repeat again, not at the risk of appointing unqualified or only remotely qualified people.

[Upon his review of the transcript, the editor asked Mr. Haerle to consider cabinet input into judicial appointments. He inserted the following note.]

Haerle: I should note here that the cabinet never got involved in the judicial appointment process. Bill Clark and Ed Meese, being lawyers, yes, but not the cabinet.

[transcript resumes]

Sharp: You talk about wanting to appoint people who were within his philosophy and that gets us back again to talking about criteria for appointments. I wondered how you figured out what his philosophy was? You certainly didn't have time to sit down and discuss the merits of judicial selection and Mr. Reagan's philosophy of judicial activism or, or right thinking, correct thinking.

Haerle: The answer to that, Sarah, is not as complex as you think. First of all, we'd lived through the campaign, we'd heard his speeches about what was wrong with the courts and permissiveness of the courts, and light sentences and all that. We knew what he thought, if nothing else from his campaign speeches. We talked with him about these things at lunches and various other occasions. We had a pretty good idea of what he was looking for. Besides which, we assumed that correctly or incorrectly, and I think correctly, that our philosophy was also his philosophy. We had campaigned with him all the way through. We knew what we wanted and there was nothing really inconsistent then or now between what we wanted and what he wanted.

He, Ronald Reagan, was never particularly comfortable with lawyers. You have to start with that. There were a lot of lawyers around him and he'd known lawyers all his life. He liked people or didn't like them. If you give him the choice, "Would you rather be with a lawyer or a non-lawyer," he'd tell you that he'd rather be with a non-lawyer. I don't know why, you'll have to ask him that question. But I think that's it.

Perhaps because of this he liked to leave this process to us. It wasn't until Clark took over as executive secretary in September '67, that Reagan made any of the telephone calls to tell people they were being appointed. Pat [Edmund G.] Brown [Sr.] found that the most satisfying part of being governor is to pick up the phone and call good old Joe and tell him he was a judge.



Haerle: Ronald Reagan hated it. He hated the telephone. He didn't really understand, I don't think, that much about the judge's job or the lawyer's role or how important this could be to some guy in Stockton.

I got to do it, which was a delight for me. It was wonderful to be a thirty-five year old lawyer sitting up there calling all over the state telling people they were appointed judge. [William] Clark, to my personal unhappiness but I could see his position very well, thought that this was one way Ronald Reagan personally ought to be involved. Slowly but surely [Clark] weaned it away from me. Then after a few months, Reagan sort of lost interest and I sort of took it back over again. So he probably ended up making, in my period of time there, maybe 30 percent of the telephone calls. But it was a process that he was not all that comfortable with.

[During review of manuscript, interviewer asked Mr. Haerle to answer following question.]

Sharp: How did you work with Bill Clark?

Haerle: Bill was a pleasure to work with. He was tough but in a pleasant and personable manner. He let you know what he wanted, but at the same time always implied that he had confidence in you to do the job the way he wanted it done. I think he had very little of an ego problem, which is a rarity in politics, and I think he genuinely respected, and almost revered, Reagan. They shared (and still share, for that matter) many things in common such as a love for ranches and horseback riding. I think Reagan genuinely regards Bill with affection, and even in those days I sort of saw that "the son I never had" look passing from Reagan to Bill.

[transcript resumes]

Haerle: Let's get away from judges and talk generally about the appointments process, the process of power. Tom Hayden, with whom I agree on practically nothing, once said that politics is the business of who gets what. That's correct and that was my job, who gets what. That part of government does not interest Ronald Reagan. If for example, you get away from appointments and get involved in party matters--who we ought to back for one office or another--he did not like that. He didn't want to get involved in the fact that so and so, one of his cabinet officers, was an incompetent and ought to be fired. That was something he would not want to hear.

So he much preferred ideas, concepts, how to communicate them. What he was happiest with was working over his four by six [inch] cards and how he was going to communicate Cap [Caspar] Weinberger's latest idea about tax policy, what fiscal reforms ought to be initiated, and how it would cut down on waste in Sacramento, at his next speech, or in his next news conference, or in his next televised address of some sort or another.

Haerle: He would have been just as happy, had the whole appointments' process gone away and everything else connected with the politics of the operation or, as Tom Hayden says who gets what, had gone away.

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Haerle: I don't think he hated the appointments meetings, but he never looked forward to them with great joy and delight.

Also, he disliked any criticisms that would arise. When for example, we wanted to go one direction and the Los Angeles finance people wanted to go another direction, he disliked getting in the middle. He might buzz me on the intercom occasionally and say, "I just heard from Holmes Tuttle and so and so and so and so, and would you call him?"

That would get me very unhappy because my attitude was: why is Holmes Tuttle calling him? But the answer to that is, Holmes Tuttle didn't like talking to mere staff. He liked talking directly to the man himself.

[During review of manuscript, interviewer asked Mr. Haerle to answer following question.]

Sharp: How did Jim Crumpacker assist you?

Haerle: Not being a lawyer, Jim never got involved in judicial appointments. He took care of a lot of other appointments for me and sat in on all the appointments meetings, of course. When I was on vacation or in Miami getting ready for the 1968 convention, he would take over the whole operation.

[transcript resumes]

#### 1968: Reagan as Favorite Son

Sharp: I want to ask you to shift gears and have us talk a bit about 1968. When Mr. Reagan ran as so-called favorite son from California, what did that do to the day-to-day activity of the governor's office?

Haerle: As if we were on a perpetual amphetamine. If Sacramento was a heady experience, the idea of Washington D.C. was absolutely mind boggling and terribly exciting. All of the sudden, the national press corps was traipsing out to Sacramento and Bob Novak was wandering through. And God, even Truman Capote would come to interview Nancy Reagan. This was really very heady stuff.



Haerle: It excited us a great deal. Everybody, everybody wanted to get into the act. Everybody wanted to be involved with the Miami Beach preparations. A steering group was set up that met weekly for breakfast at the Comstock Club composed of Bill Clark and myself, Win [Winfred] Adams, the cabinet secretary from the staff, also [Franklyn] Nofziger and Tom Reed, who was living in Marin and had an office in San Francisco. There may have been others but I forget who they were right now.

We would have practically a weekly or biweekly meeting as sort of a political group to map who was going to be what as far as 1968 was concerned. Reed was the man that kept the strings on out to the people outside of California, F. Clifton White and others. That all ran through him and Reed could do it because he'd left the government and the staff could maintain, as John Ehrlichman would say, "a deniability."

Sharp: I have for you, I found this at the Hoover. This is a list of the delegates--\*

Haerle: In '68?

Sharp: Yes. [shows document] Mostly on the second page there. I thought that might bring back some faces.

Haerle: Oh yes.

Sharp: Probably some other things too. I wondered how you participated. Was it in fund raising or assisting selection of the California delegation? Or exactly what?

Haerle: You mean me personally?

Sharp: Yes.

Haerle: My recollection now is that the staff was very much involved in putting this delegation together. Probably the people who worked the closest with it would be Reed, Jim [James] Halley, who was Republican state chairman then, and he and Tom had a good working relationship. And Halley was a great fan of the governor's. He was considered a very able politician, and was well respected by everybody.

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\*This was a list of delegates and alternates committed to Reagan's favorite son candidacy for president as of 23 February 1968 preserved in a press release. Hoover Institution Reagan collection.

Haerle: It was a potpourri of legislators (we had to have our legislators represented in there), long time Reagan supporters in the '66 election campaign, a few old [George] Christopher supporters-- just to give it a nice ecumenical flavor, and, particularly from San Francisco and Los Angeles, the finance people.

The finance people wanted to be involved in this. You didn't have to worry about the finance types if you were dealing with Fresno or Bakersfield or Eureka or someplace else. But in the major cities it was really very funny to watch, because all of the delegations are put together by congressional districts or, as we would say it, CDs. You only can have two per CD plus two alternates per CD, and then you had a certain number of at-large delegates over and above that. And one has to live within the boundaries of the CD to be a delegate.

Well, if you're a wealthy person in Los Angeles or San Francisco, there's probably only one CD you could possibly live in. Face it, there are only so many well-to-do communities in Los Angeles and San Francisco, and so it was just funnier than hell watching the well-to-do backers for Reagan scrambling for these seats as delegates and fighting over who was going to be delegate and who was going to be alternate.

For example, let's take San Marino, where 80 percent of the well-to-do Reagan backers are in one congressional district, you only have two delegates, yet there'd be fifteen people out there, fifteen millionaires who wanted on the delegation.

We would have a lot of fun with that. We in effect said, whatever that CD was, Tom would say to Holmes Tuttle, "Why don't you just tell me who the two are from that CD, Holmes, and we'll go on from there." We regarded ourselves as politicians and the others as "finance types." If there were thirty-eight congressional districts why, the politicians could, in effect, play with thirty of them and let the finance people worry about the other eight, plus have a few of the at-large delegates.

For example, I would decide who was going to be the delegate from Marin County and other friends would do likewise elsewhere. You had to make some allowance for the fact that you certainly had to bring Bob Monagan and Don Mulford and other Republican leaders but 90 percent of the rest of them were people who came out of the '66 campaign organization.

Halley would have his input too as Republican state chairman. If there was an outstanding Republican county chairman and there weren't too many we put him on. I noticed one name here, Bruce Mitchell from Hillsborough, who was a very able Republican county chairman, but not necessarily a Reagan backer. And so on down the line.

Sharp: How do you assess this attempt?

Haerle: It came a lot closer than anybody thought. This was pointed out in a book written at the time by a couple of Englishmen (and I don't know the name of the book--Tom would know it) who were in Miami Beach. And it was certainly worth the candle. First of all it gave them lots of practice for later years.

And it whetted Reagan's appetite. I think, as you look back on it now, Reagan never lost his desire for it because he knew he came close. I don't think it tarnished him particularly at home. He maintained an ambivalence about the whole thing up till the end when he allowed himself to be pushed into a formal declaration of candidacy in Miami Beach.

The problem was, because he was pretending to be a reluctant candidate on the thing and a favorite son and all that business, that he couldn't raise the funds and get his operatives out in the field to tie down commitments. Richard Nixon enlisted the aid of Barry Goldwater and John Tower, who swept through the Southern states, where they were particularly popular, and tied down early the commitments of the Southern state Republicans, which turned out to be critical.

We had Cliff [F. Clifton] White, which was fine except White wasn't elected to the Senate and Tower and Goldwater were. They got out there first with the most. And White, all he had, for example to handle the state of Florida, was a political operative named Robert Walker out of San Diego who wasn't all that good.

I remember that we worked very hard. The key vote on the roll call was the state of Florida. They were going under the so-called unit rule which is that as the majority goes so goes all the delegation. And my recollection now is that if a couple of votes in Florida had switched that whole state would have gone from Nixon to Reagan and that would have started, or so we were told at the time, quite a movement, because Nixon never captured the hearts and minds of that convention. Reagan did, or at least he did in the South and the West.

They went with Nixon because they were honorable people and committed to do so. They didn't feel they could break their commitments, but they sure as hell didn't want to vote for Nixon. They wanted to go for Reagan, a lot of them.

It was interesting. It was exciting. It was exhilarating. But it was very depressing afterwards to have lost, to have thought that just one more time the merry-go-round is coming around for you to grab the brass ring and then miss it. But it provides a lot

Haerle: of comradery. I met a lot of fascinating people. And it whetted, I think, everybody's appetite for one more try at it which everybody was convinced would be 1976 or whenever Nixon finished his term.

Sharp: There's a theory that there were a whole lot of people more interested in Reagan's running than Reagan.

Haerle: Well, as I say, he's a very difficult guy to figure out what he's really thinking. You really always wonder, no matter how close you are to him, if you really know him, as he really is deep down inside. So you don't know. That could very well be. It's difficult to reconstruct my recollections of his attitude then. All I know is the staff wanted it very much because staff always want their boss to move on to the higher office. There was nobody on the staff that was against it, I'll tell you that. I think Holmes [Tuttle] and the backers in Los Angeles wanted it too. On the other side, the LA group, I suspect, thought that only two years in office was a rather weak basis upon which to make a jump, but then they said, I guess, "If it's there, let's grab it."

No one was that enthused about Nixon. They certainly didn't want [Nelson] Rockefeller, at least not in this part of the country and in the South. But if it wasn't going to be Nixon, Rockefeller was not about to get that nomination. There was just no way on God's green earth he was going to get it. So if it was not going to go to Nixon, it was going to go to Ronald Reagan. I'm just talking about where the delegates were. If the delegates left Nixon, they weren't going to go to Rockefeller. In maybe a few states occasionally, the northeast would be with Rockefeller but nobody else. [pause]

[During review of manuscript, interviewer asked Mr. Haerle to answer the following question.]

Sharp: What was the impact of Nixon's election on the Republican party in California from where you sat as state secretary?

Haerle: Almost immediately tension started between the White House and Reagan's office. This tension was created or exacerbated by at least three circumstances. In the first place, Nixon never forgot that Reagan had had the temerity to challenge him in 1968 and come pretty close, as I have already said. Secondly, Bob Finch bailed out from his elected position as lieutenant governor to be in Nixon's cabinet, and this set up a focal point around which non-Reaganite Californians could revolve. Thirdly, although Reagan had appointed Bob Haldeman as his first appointment to the University of California Board of Regents at the behest of Finch, Haldeman was sufficiently ungrateful that he declined to resign immediately from that post even after Nixon appointed him White House chief of staff. I understand there were several testy telephone calls on this subject.

Haerle: But, as with lots of things in politics, mutual dislikes lead to alliances. John Mitchell developed a dislike for Finch and Haldeman so the Reagan people developed an alliance with Mitchell. For better or for worse, Mitchell sort of became the voice of Ronald Reagan in Washington, D.C. in the 1969-72 period.

[transcript resumes]



### III SEVERAL PERSPECTIVES ON THE REPUBLICAN PARTY

#### State Secretary, 1969-1973

Sharp: It's then an interesting shift that you take going into the organization of the party in 1969. From what you've told me so far, it seems like you were maybe always interested in party organizations.

Haerle: Yes, I enjoyed politics for its own sake.. I enjoyed the process, the people, enjoyed the activity, enjoyed the level of stimulation. But my personal decision was really a matter of what am I going to do now, knowing that I didn't want to be a full-time staffer, a, because of the money and, b, because I'd seen too many full-time staffers in Sacramento that stayed that way and couldn't go do anything else. So I knew that inevitably I would go back to the practice of law. Two years seemed like about the right time, the more I thought of it. My firm made approaches to me to see if I wanted to come back, and I started talking to them about it.

Then I said, "How do I eat my cake and have it too?" The way to eat your cake and have it too, is to go back as a partner in the law firm and also run for party office, just about simultaneously. We put that together with a group of people who stayed active in the Reagan effort. They still kept in contact, the best of them. With the leaders of that group, we put together a team to run me for secretary of the Republican state central committee.

I had some opposition from a woman named Louise Hutton, a friend of Maureen Reagan, but they were effectively squelched. It was known I was leaving the [governor's] office about that time or shortly would. I ran and was elected as secretary of the party.

Bear in mind that the chairman and vice chairman positions rotate back and forth north, south, north, south, and there was a brief period of time where I thought of running for vice chairman.

Haerle: But I'd held no other party office before. The only other thing I had been was on the Marin County Republican central committee, which I had been appointed to rather than elected to. To go from the governor's staff and take over as vice chairman, people thought would be presumptuous, so it was decided that the secretary's position would be the best.

I think [William] Clark got involved in that. I didn't talk directly to the governor about it. I think Clark did on my behalf.

Sharp: Our office interviewed Emily Pike as part of our California Women Political Leaders Project and she had some really fascinating details about the 1969 party elections when Put Livermore came in as vice chairman over Frank Adams and Karl Christiersen.\*

Haerle: That was the year I ran and won as secretary.

Sharp: Is it a matter of running with a slate?

Haerle: No, no, no. We stayed away from that because we didn't want to get involved in that three-way fight that was going on at the time. No, absolutely not.

Sharp: What do you do as state secretary?

Haerle: Not very much. As an officer you are responsible for keeping the minutes but, of course, a staff person keeps the minutes in records. What you really do is go to meetings, and participate in party activities, plan conventions, help plan campaigns. It's an honorary position. It's a position that amateur politicians, volunteer politicians like to fill because, as with everything else in life, titles carry with them a certain honor. For example, when the governor came to town or at a party convention, you were there at the head table as the secretary.

I think people saw me, as indeed I saw myself, as a potential future chairman. I decided this was a fairly glamorous position and could lead to something that I enjoyed doing, and decided that I couldn't see myself running for Congress. It was inconsistent with being a big city lawyer. You could be a lawyer in San Rafael and run for Congress, or in Fresno, but it's difficult to do it in a large law firm such as the one in which I'm partner then and now.

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\*See Emily Pike, Republican Party Campaign Manager: From Volunteer to Professional, Regional Oral History Office, The Bancroft Library, University of California, 1982, p. 259.

Haerle: So I'd slowly abandoned any such ideas of that and decided that a eat-your-cake-and-have-it-too position would be to be a partner in a major law firm and spend your day time practicing law and weekends and evenings in politics. I like political organizing and I like running campaigns, and climbing the chairs in the party.

I ran into, in my days in Sacramento, the then party chairman after Reagan took over in 1967, Dennis Carpenter of Orange County. He was an ex-FBI agent, a very urbane, delightful, funny, witty guy with whom I got to be friends and for whom did a lot of favors for and vice versa. He was having an absolute ball practicing law in Orange County and being Republican state chairman with a new Republican governor.

I decided that if, he could have such a good time doing it, maybe I could too. So that's how I decided to climb the ladder, as it were, by being party secretary. I'd be secretary for two terms and then run for vice chairman, which is exactly what I did.

Sharp: As state secretary then, did you have any connections say with Tom Reed and Eleanor Ring who were the new national committeepersons?

Haerle: Oh, sure, yes. I would have a role with them particularly because I was considered one of Tom's chief lieutenants and friends and a leader of the Marin mafia, as we called ourselves. I would work closely with him and did.

Specifically, Tom's role as national committeeman had to do with the 1972 convention and what would be the policy, attitude, of Governor Reagan at that convention. Things that we ended up concerning ourselves with are all a matter of remote and murky history but they had to do with the governing rules for the 1976 convention and how the delegates would be apportioned among the states. There was a big rules fight in 1972. Platform issues that mattered to Reagan. But basically making sure Reagan's influence was properly represented at the '72 Miami Beach convention where it was preordained that Nixon and Agnew were going to be renominated.

In 1972 it was not who was going to be the nominee, but platform matters and rules committee matters and composition of the delegation. It sounds ridiculous now but one can spend an awful lot [of time], meeting after meeting after meeting, to decide who was going to be a delegate four years later and who was not. That is a form of patronage in and of itself.

So such things we would get involved in with great delight and relish. I was appointed on the Rules Committee and I served in the '72 convention. It was a form of maneuvering because no one foresaw Watergate or any related turmoil from 1973 to 1976 in the Republican party, not at all. And the basic strategy in '72 was

Haerle: to reapportion the delegates in such a manner so as the southern and western states (i.e., those states that would carry for the president in '72) got bonus delegates, and those states that were unlikely to carry for the president would in effect get fewer delegates.

It was a device, in effect, to subtract power from the Northeast and add power to the South and West. As it turned out it didn't matter at all, a, because Nixon carried forty-eight of the fifty states, as you'll recall and, b, because by the time you got around to '76 the fights were totally different. They were for and against Reagan rather than, as we anticipated at the time, a liberal candidate versus Agnew. People actually thought, believe it or not, that Agnew would be the candidate in '76. Can you imagine anything so funny?

### Intra-Party Skirmishes

Sharp: [chuckling] You're looking at the Republican party in all these different spots, from Marin, from Sacramento, and then from Miami, and then as secretary, and over a very interesting period of time. How would you assess what was going on in the party?

Haerle: I was vice chairman then in '73 to '74. This would have been in Reagan's last two years. Essentially I think the party had reached a high point about the time of Reagan's election, in '66. Then a slow process of deterioration set in from that point of time on.

I think you do reach your high point when you are the outs and you get in. That is the apogee of your power and it's a slow decline from that point of time on. Why? Because you start fighting among yourselves. It's sort of preordained that politicians fight among themselves on their own side.

Internecine warfare is just part of a politician's existence. But it helps to undermine power. Also, the insolence of power, as somebody said results in the deterioration of what people perceive as arrogance grows, and insolence grows, and that leads you to decline too.

Also, when you win an election, the party itself automatically gets less influence. That may seem contradictory. Let me put it to you this way. Take 1977 to 1980, the Carter years. It would be, in my mind, far better, to be Republican national chairman when your party does not have the White House, than Republican national chairman when your party does have the White House.



Haerle: Let me explain that. If you were Republican national chairman, as Bill Brock was in '77 through '80, you were the focal point of Republican policy. People turned to you. Where does the Republican party stand on this issue? And the press will come to you and ask you and you will answer the question. You raise money, and you dispense it as you see fit. You are not reporting to anybody else. Oh sure, you would check with your Senate leader and your House leader and you would check with certain state chairmen. But you are the boss.

When you are Republican national chairman with Ronald Reagan in the White House, as poor Dick [Richard] Richards is now, you are a political enuch. You do absolutely nothing unless Lyn Nofziger or Mike [Michael] Deaver sitting in the White House approves it. You are in effect a spear carrier for the White House political staff. Dick Richards, in 1981, did what Lyn Nofziger told him to do.

The same thing happened in Sacramento during the Reagan incumbency. I can recall Put Livermore being brought up to Sacramento and read the riot act by Reagan's staff because they didn't think this, that, and the other thing was being done quite correctly. I'm sure that must have been somewhat ignominious to a successful, able, competent San Francisco lawyer and party chairman to be told by staffers fifteen years his junior, some of whom had never held a job in the private sector, how he ought to be doing things. Yet that was what happened. The people who were telling Livermore this were the staff of the incumbent governor. You have to play a much more subservient role.

To put it another way, you are a prominent fund raiser, and for your money you want something. You want an appointment with the governor. Or you want an appointment to something. You want influence. You don't call the Republican party chairman if your governor is in Sacramento. You call the political guy on the staff. That's how you get what you want. That's a necessary element of the deterioration that was going on after 1966.

Finally, another step of the deterioration was that, as I said earlier, politics disinterested Ronald Reagan. I'll tell you an anecdote about that in a moment. You could not get his attention on the subject of who ought to be party chairman or vice chairman. There came a time, I think in '71, when the issue came of who was going to run for vice chairman. There was a fight between Senator H.L. Richardson and (now) Senator Bill Campbell who wanted Campbell. A lot of us wanted Cliff Anderson, a lawyer from San Marino. Eventually the staff decided on Gordon Luce, who was back in San Diego as a savings and loan executive. He didn't really want it but was sort of drafted to avoid a fight. But we couldn't get Reagan's attention.



Haerle: For example, there was a time a retired admiral headed the San Diego Republican central committee. The San Diego County Republican central committee should have been a very vibrant active, go-go organization. It was a very Republican county. It was a growing county. There were a lot of new people coming in. Middle class suburbia was booming. It was ideal territory for a great Republican resurgence and Republican strength. But nothing was happening. This was because the central committee was made up of retired commodores, admirals, captains, etc., etc., from Coronado.

We tried to persuade Reagan that he ought to tell Admiral so-and-so, or authorize somebody on the staff to tell Admiral so-and-so, "Why don't you please retire, and let's get some young blood in there." He wouldn't do it. He just didn't like to do things like that.

So, although you look at the figures and you notice we picked up the assembly in '68 elections, that was also the same time we lost a Senatorship because Reagan was not about to tell Max Rafferty, "Don't do this, don't run against incumbent Tom Kuchel." That was not his style. Then he wasn't going to authorize anybody to do it even though it turned out to be a terrible, terrible thing for the party.

So the party decline started then, as it often does. It's not unique to this particular period of incumbency. The slow deterioration starts from the very day that the oath of office is taken. But I think it was accelerated slightly by Reagan's relative lack of interest in the party, by a certain degree of arrogance of some of his staff people on the subject, and by the tendency of Holmes Tuttle, for one and Mike Deaver for another, to want a center of power in the political arena themselves. That lead ultimately, as indicated in history, to the break away of an awful lot of Reagan people in '75-'76 who went with [Gerald] Ford.

This was a chance. Not only did they not like to attack an incumbent president, but they saw a good opportunity to break the hegemony of the Reagan group that kept the power around him. [pause]

Sharp: So what's the anecdote?

Haerle: The anecdote about Reagan and politics relates to Bob Finch who was Reagan's first lieutenant governor, as you recall, but then went back to Washington with the Nixon administration. And Reagan appointed [Edward] Reinecke. Finch was always regarded as an outsider and not totally loyal to Reagan; he was a Nixon man and loyal to Nixon and Nancy detests him. There was always suspicion of him. One of the people following politics found that, when flying back and forth across the country with Reagan, the only way

Haerle: you could get his attention on political matters was to start off the conversation with, "Let me tell you what Bob Finch is up to." Then and only then could you get his attention on the subject of who ought to be given what in the political arena.

##

### The Dream Campaign, 1970

Sharp: That brings us to talking about the re-election campaign.

Haerle: Is my voice coming through okay? I'm really far away. Go ahead. The 1970 campaign okay.

Sharp: I have you down as northern California chairman?

Haerle: Right.

Sharp: So your beat was--

Haerle: All of northern California from the Tehachapis north. It's the northern line of Santa Barbara County and Kern County. It makes a straight line across as you can see from the map behind you. That was the northern forty counties out of fifty-eight.

Sharp: You had a lot of experience starting with Marin County and then being state secretary. So you have a network of committees? So how did you put it all together?

Haerle: The answer is really quite easy. It was a dream campaign. People should be so lucky to run campaigns like that. The money was ample. The volunteers were there. The pros were there. Bill Roberts started out, succeeded by [Stu] Spencer who was found to be more dependable.

Reed was in charge as co-chairman with Tuttle. Reed handling the politics and the organizational aspects, Tuttle the fund-raising aspects. Both of them were strong-willed people who got along very well personally. Both of them are wealthy, hard-driving people. They are of different age groups but their compatibility was remarkable.

Basically a triumvirate ran the campaign: Reed, Tuttle, and Spencer, in direct contact with the governor.

Haerle: The only problems that arose always arise in campaigns when trying to re-elect an incumbent--the outside politicians versus the inside staff. There were always those struggles (which in turn had their reverberations years later in the Ford-Reagan thing) because the staff would always want to second-guess the outside campaigners as to how to do things.

There was just no comparison, as it turned out in retrospect, in running a re-election campaign for a candidate as able and as good as Reagan was, and is, in 1970, with no particular economic problems in California versus the not terribly attractive candidate, Jess Unruh. Not that Unruh wasn't bright, Unruh was very smart, very, very smart. But God did not give him a terribly happy face and visage. He just doesn't look on television like the same wonderful man that Ronald Reagan appears to be on television.

Reagan had a good record and handled himself very well. He had been a good governor, an honest governor, that filled as many promises as he could. I think if there was any sour note after the campaign was over with it was the fact that whereas he won by a million votes in 1966 he only won by 600,000 or so, a little over half a million, in 1970.

Ergo the inside staff, Meese and Deaver, etc., their attitude was, obviously the outside campaign people didn't do a very good job. We had a somewhat different version, of course.

There was plenty of money, plenty of campaign workers. Everything, you know, it was a dream campaign. You couldn't have had a campaign any easier than that with the possible exception of Nixon over McGovern in 1972.

Sharp: How did the Cal Plan figure in your work, if at all?

Haerle: Well, the Cal Plan was a term invented by a chairman who went out as Ronald Reagan came in, Dr. Gaylord Parkinson of San Diego, who probably when all is said and done with, the most successful Republican chairman around because he was very good, charismatic in his own right, and very aggressive and very smart.\* Holmes Tuttle and some others funded him so he could be an almost half-time Republican chairman, so he could get away from his medical practice in San Diego County, and be self-sufficient.

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\*See Parkinson's own interview on this subject in Issues and Innovations in the 1966 Republican Gubernatorial Campaign, Regional Oral History Office, The Bancroft Library, University of California, 1980.

Haerle: He invented the term, but all Cal Plan meant then and meant now was a rifle shot approach to legislative races. Its premise was that we will not take the one hundred legislative races that are necessarily going on every two years and pour equal money into them. You hire professionals, usually the Spencer-Roberts organization or allies of them, to survey districts to see what good candidates were available that wouldn't otherwise automatically come out of the woodwork, and encourage them if there are some. You analyze the demographics of the district, the changing demographics of the district. They look at the fund-raising potential of the district. Ultimately they recommend to you, for example, that you concentrate on the following twelve assembly races and the following four senate races. You never advertise that fact, except people would figure out what you were doing.

You would promise sort of nominal support to the others. You wouldn't ever tell them, "We're kissing you off, goodbye, you're a secondary candidate." But that's the message they got.

And those judgments were discussed with a small committee. I was a member of the Cal Plan committee for quite a few years and those judgments were made by a very limited group of people. Usually, a few very smart professional staff people for the party, the Spencer-Roberts organization themselves, and a few officers of the party, and in those years, the governor's staff would get involved, Mike Deaver or whoever the political officer was on the governor's staff. For a few years it was me, I think. Yes, in '68 it was me. Then other years it was somebody else that would make those judgments and allocate those monies.

The other people would be the Republican leadership of the assembly and the state senate respectively, either they or their designees would be involved in that decision. A pretty arbitrary, totally undemocratic process, but by and large effective.

In some years we poured all sorts of money into the thing but, for example in 1974, in the post-Watergate period and the economy's down, you might be as smart as possible in your selection process and your beautiful rifle shot job looks good on paper but has disastrous results.

Sharp: Well, since you had this ideal incumbent election campaign in '70, did that mean that you yourself would have more time perhaps to work in the Cal Plan process?

Haerle: No, not really because all we did for the Cal Plan effort then was bring Ronald Reagan into the district to raise money and offer his coattails. But no, I did not do that in 1970. I did it in '72 and '74 more. Matter of fact, I was chairman of the committee, I think in 1974 when it had its least successful period. The post-Watergate period was a delight in this state.



Haerle: The Reagan campaign would commit to the state party, for example, that from June through election day of 1970 the Cal Plan committee of the state party could have Ronald Reagan for twelve fund-raising appearances. An arbitrary number would be agreed upon and "you tell us where you want him." Then with the scheduling people on the campaign staff you would work out the schedules north and south. When he was going to be north, telephone calls would fly back and forth, and say, "Okay, he's going to be in the Bay area the third week in September, you can have him for a couple of your allocated twelve Cal Plan appearances."

They would usually be principally fund-raising appearances because we were smart enough to figure out that coattails weren't all that effective. Ronald Reagan wasn't going to pull in John Doe from Sonoma County simply by going up there and appearing with him at shopping centers or walking around and handbilling the neighborhood.

So how well best to use Ronald Reagan? Well, number one get press attention, get them to say, "Reagan comes to the county to campaign for Joe Jones in Sonoma County." But most importantly you bring him to a hotel or you bring to an estate up on the hill, some wealthy supporter's house, and we'd have a cocktail party and we'd charge \$150 per person. You'd previously made an agreement that 75 percent of that would go directly to the campaign for Jones, another 20 percent would go to the party treasury, and another 5 percent would go to Reagan's traveling fund, a fund to make up the expenses of the operation itself. These were pre-existing formulas that were hammered out in meetings, but don't take those percentages I gave you as gospel. They're not, but there was a formula and it was adhered to pretty religiously and everybody turned out to be happy with it. A significant amount would go to that campaign and other amounts were distributed as pre-arranged among the sponsor organizations.

But that was his principle, to always raise money for the local candidates.

Could we cut out for a minute there?

Sharp: Yes. [tape recorder off briefly] There have been some suggestions that there were some problems with the re-election campaign towards the end, that perhaps Mr. Unruh wasn't as far behind as he had been earlier. I wondered if you recalled anything like that?

Haerle: Yes, there was one or two bad weeks that we had in the campaign or one bad week. I remember Stu Spencer saying that you always have a bad week in a campaign. I forget what the issue was.



Haerle: I think that's probably an apt comment. I said it was a dream campaign to run and it was because I'm looking back in retrospect to the agony for example of the [Evelle] Younger campaign in '78 and the [Houston] Flournoy campaign in '74. I've seen those. And I saw the '66 campaign where you're fighting against an incumbent, running on behalf of a so-called ex-movie actor as Reagan was known then. So by comparison with '66, '74, and '78, why '70 was a dream campaign.

I think that's correct and we did come in with a half a million or so less than before. Also, I know for a fact that polls were done in '74 which showed that if Reagan had opted to run for a third term in '74 against certain assumed opponents that he would not win.

No, I think that's correct. Unruh did as well or better than expected, I think in retrospect. We probably expected to win by more. We certainly expected to carry more people in with us. In fact, our coattails were nonexistent. We controlled the assembly, that was that we controlled the assembly in 1968 after the '68 election, notwithstanding the loss of the [Thomas] Kuchel seat. But in 1970, after that election, no we did not.

Bob Moretti took over as assembly speaker and therein lay four years of problems for Reagan. So the coattails were not there at all. That's correct and why it was, I don't know. Good political analyses were written at the time and I recall reading nothing that I felt was inaccurate. I think that the political reporting of the Sacramento Bee and the Los Angeles Times and the people they had on staff at the time, would give you the why better than my memory serves at the time.

Unruh was more formidable than I think we gave him credit and notwithstanding the fact that he had the "Big Daddy" reputation and perhaps it can be said in retrospect, that if an attractive, charismatic, Democratic candidate had been found and won the primary in 1970, we could have had some real problems. But we didn't. Matter of fact, if you ask me the question now who ran against Unruh in the primary in '70, I don't think I can tell you, probably Alioto did but I forget now.\* I just can't recall.

Sharp: Quite a sweep.

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\*There were eleven Democratic candidates. Jess Unruh and Samuel Yorty were the top runners. Joseph Alioto was not among them.

Haerle: We knew by the time we got to '74 that the Reagan incumbency had problems built into it, but I think we were pretty confident in '70 as we went into this thing.

Sharp: I think that's all of my questions.

Haerle: Is that it? We've covered the thing? Why don't you switch it off and let me see if I can think of anything else.

A Final Note on Reagan's 1968 Presidential Campaign##

Haerle: There is something particular that might be very funny.

You asked me, Ms. Sharp, about the '68 [presidential] campaign. The Reagan presidential campaign was run out of a more-or-less secret office on Kearny Street in San Francisco. Staffing that office were Tom Reed personally, an assistant to him named Norman Watts, known as Skip Watts, Skip's wife Jill Watts (they were both out of Washington, D.C., had done congressional staff work back there), a secretary named Martha Alworth, and a few other people.

If you went to the office you found on the door some other name. You walked into the anteroom and there were pictures of mining equipment or oil wells or something like that on the wall because it was not to be known as the Reagan campaign office.

Bob Novak, the political columnist, started snooping around and figuring out that somebody had retained Cliff White and somebody had to be paying him. That led him to Tom Reed and that led him to Sacramento, and everybody was denying everything--that Reagan was just going to be a favorite son candidate and nothing else.

The process by which the funds were brought aboard and banked and paid out, I never got involved in. But I knew that the actual operations office scheduling Reagan to make speeches in all the states where there were going to be primaries, such as Oregon, was handled by Reed and various people scattered around the country and plugged into him.

I talked to that office in early '68, late '67, early '68 almost daily and Martha Alworth, one of the secretaries there had worked for me, so I knew her well. Jill Watts, newly arrived, was only a voice over the telephone for several weeks. Oh, I'd met her husband, and all she knew was my name.

Haerle: One day I was in San Francisco and without making a telephone call in advance decided, after a lunch appointment, to drop by the office and say hello to my old secretary Martha Alworth and the people in the office that I knew and maybe meet Jill Watts, who I'd just talked to on the telephone. I think I'd had one drink for lunch and was feeling a little carefree.

I walked into the office and opened the door. Martha Alworth, my old secretary who was supposed to be sitting in the anteroom as sort of "front" secretary, the front for the operation, was sick that day and was not there. Instead sitting there at the desk was a face I'd never seen but a voice I immediately recognized, a high-pitched feminine voice, and I knew this must be Jill Watts as I recognized her telephone voice.

She said, "Yes, may I help you?" I said, "Yes, I'd like to see Tom Reed, please." Then she said, "Who may I say is calling?" I said, "Bob Novak." She turned white as a sheet, said, "Just a moment please," [and] got up. She obviously had not recognized my voice. (She had a distinctive voice; I guess I don't.)

She got up, left the anteroom office, with its oil wells and whatever else were the pictures on the wall, went back into the inner office, shut the door. In a few minutes there emerged this white-sheeted, white-faced lady followed by Tom Reed. He took a look at me and started laughing. Mrs. Watts never laughed and she didn't forgive me for at least six months.

Later we became very fast friends, but I took about five years off her life. She thought that she was to be the receptionist when Bob Novak blew Ronald Reagan's cover as having a campaign organization in San Francisco, despite his denials.

One little anecdote of life.

Sharp: The '68 non-campaign campaign was very strong and yet undeclared?

Haerle: It was undeclared. It was known to Reagan. I don't know what Ronald Reagan ever told Tom Reed as to what his authority was. Tom knew better than to ask, because if he'd ask a direct question he might get an answer he didn't want. So what he would do was simply go undertake certain things and report back what he had done. (I believe you'll have to ask him.) The answer he would get would be something along the line of a mumble. A sort of "umm," which was neither fine, wonderful, great, or why did you do it, just "umm." So it was a classic political process. Tom was deniable. He was expendable. If the operation got blown or Reagan decided to totally

Haerle: abandon the thing for personal or fiscal or other reasons he could do so and Tom Reed would be left, as John Ehrlichman would say, twisting slowly, slowly in the wind. But Tom understood that and understood the way the game was played.

On the other hand, if it was successful, why it could expand as it did expand when we got to Miami Beach, into a full-blown campaign. But we wanted to maintain deniability. So that's why it was essentially a secret operation, in a dingy office on Kearny Street, in the first six months or so in 1968. Then we transferred it to Miami Beach. But the papers pretty well knew what was happening.

I was detached from the governor's staff and went on the salary of the delegation organizing committee in about July of '68. I went down there about a month ahead of time, Bob Walker and I, and got the thing logistically ready for the delegation and for the Cliff White delegate-hunting operation which worked out of the top floor of the Deauville Hotel in Miami Beach.

Sharp: Emily Pike was very candid in her assessment of the delegation and how the delegation did or did not work together.\*

Haerle: Is this '68 now?

Sharp: Yes. And it seemed as though delegation relations were very, very strained.

Haerle: Probably they were. Emily is a good source and a reliable person and I would accept her judgment on that. I was a member of the staff then. I was not a delegate and I was worrying about Cliff White's telephones and automobiles and every logistical aspect of the delegate-hunting operation on the top floor of the hotel.

I may have gotten to a delegation meeting but if I did, it was with Reagan there and with four hours' sleep so I really don't recall what their relations were.

The delegation had to put together, as I mentioned, with certain bows toward ecumenical relations with assemblymen such as Bob Monagan, Don Mulford and others, and to other interests. For example, Bob Finch, lieutenant governor, and a strong Nixon supporter.

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\*See interview with Emily Pike, Republican Party Campaign Manager, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1982, pp. 244-252.



Haerle: So you had inherent in the '68 delegation seeds of disharmony because there were people there (Emily Pike, I'm sure might be one of them and Bob Finch another) who were basically Nixon backers. They had been with Nixon, I don't know about Emily, but take Finch, they'd been with Nixon a lot longer than they'd been with Reagan. And Finch was regarded particularly, right at the convention, as a Trojan horse.

I know, for example, Bill Bagley, (here's another funny anecdote) the assemblyman from Marin County, and I were great political rivals then. We're no longer rivals; we end up in the same campaigns now, but we were great political rivals then because I was a conservative from Marin and he was a Republican moderate from Marin.

He came down to the '68 convention to work for Nixon. He was not a delegate. He was not an alternate. He just came there to work for Nixon.

Another part of my job at the time, great power of centralization that we had, I was also in charge of assigning rooms. So I would assign hotel rooms on via my staff. But I was required to get anybody from California a room. Bagley and I still joke about this. He had a hotel room in some flea bag hotel about five miles away; he tells the story about how to get the light on in his hotel room he had to stand up on the bed and reach up and pull the chain. He was going to come down there working for Nixon, and we were all working for Reagan. The only way I could think to react to that was to give him the world's lousiest hotel room, which I did.

Sharp: Far enough away to keep him out of the trouble.

Haerle: That's the idea. Such is the nature of politics.

Sharp: Thank you very much for your time.

Haerle: You're very welcome, I've enjoyed it.

[During review of manuscript, interviewer asked Mr. Haerle to answer following question.]

Sharp: Could you assess your role as party chairman in 1975-76, particularly in terms of what you were supposed to do being the "out party"?

Haerle: The 1975-76 period was, in retrospect, one in which a lot of achievements were totally blanketed under by the bitterness of the Ford/Reagan primary. In the first place, without an incumbent Republican governor, I found I had a great deal of autonomy and



Haerle: authority. I think our greatest success was in fund raising, and particularly developing resources of funds and tactics of fund raising that relieved us of the party's prior dependency on Reagan's "LA Mafia." Principal among these was vastly improved direct mail program. Next was getting new, younger blood involved in soliciting major donations. One of the principal beneficiaries of all this was Sam Hayakawa who got \$200,000 from the state party alone. We were also able to fund, better than ever before, state senate, assembly and select congressional races.

But, if you asked anyone else what happened during this period, they would regard it as the time when the party was split down the middle between an incumbent president being challenged by the former incumbent governor and de facto party leader with resultant strife and turmoil.

I got right in the middle of it because, as Bill [William F.] Buckley once said of himself, "I can't remain neutral in a ping-pong match between two ten year olds." I supported Ford because (a) I don't think you win elections by knocking off your own incumbent; (b) it incensed me that Reagan, an essentially moderate governor in California, would pander to the worst instincts on the American right to upset a basically decent, albeit unexciting, president, and (c) in all frankness, I had a few scores to settle with some of the people close to Reagan then and saw this as a great opportunity to do so.

All this made for a somewhat anticlimatic conclusion of ten years in politics, but it was dramatic in the sense that I can remember no experience as exciting or as tense as the 1976 Kansas City convention and, knowing myself and my combative instincts, and notwithstanding where my choice ultimately left me (in the practice of law in San Francisco rather than in Washington, D.C.), if I had it to do all over again, I would almost certainly do it the same way.

[end of insert]

Transcriber: Kristen Vigen  
Final Typist: Keiko Sugimoto

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Ronald Reagan Gubernatorial Era

Jerry C. Martin

INFORMATION AND POLICY RESEARCH FOR RONALD REAGAN,  
1969-1975

An Interview Conducted by  
Sarah Sharp  
1981-1982





JERRY C. MARTIN

1969





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## INTERVIEW HISTORY

In this oral history Jerry Martin details his work as special assistant for research and information for Ronald Reagan in the governor's office in Sacramento between 1969 and 1975. Martin worked with a small staff to write Reagan's speeches and legislative messages, to assemble accompanying charts and their descriptive material, and to accomplish related tasks. The narrator's soft Southern accent continually reminded the interviewer of Martin's earlier days when he was growing up in Lyndon Baines Johnson's congressional district in Austin, Texas. Early in this two-session interview, Martin laughingly recalls his first political activity which consisted of going to Johnson's "watermelon parties when he [Johnson] was running for re-election, eating his watermelon and then passing out cards for his opponent."

Martin's interest in writing and politics stretches back to these Texas days. Other members of his family went into journalism. During the Korean war Martin edited an air force weekly newspaper and was a correspondent for Pacific Stars and Stripes. Later, he worked as a political writer for both United and Associated Press in the West, before coming to the Bay Area and the Oakland Tribune. Martin advanced from political writer and legislative correspondent to chief editorial writer at the Tribune.

When Jerry Martin came into the governor's office in April 1969, his first assignment was to write a "white paper" on the disturbance which occurred at People's Park in Berkeley, a confrontation between the University of California and many young people over the disposition of a small piece of university-owned property. Martin recalls this as a very difficult situation for the administration and the people of California: "We got the governor to call up the National Guard. We restored peace."

There were other notable issues with which Martin had to deal as research assistant for the governor. Among these were the administration's handling of public education finance, welfare reform, and tax reduction. It was Martin who put together the tables, included here as page 25a, for "the real story" of how much financial aid the administration was giving to education, meant to answer criticism that the aid was too low. Martin assembled many of the short papers outlining the governor's position on welfare and tax reduction, principal issues for Reagan's second term. Subsequent recommendations from the governor's task forces modified the administration's eventual position on both subjects, which in the case of welfare was embodied in legislation and in the case of taxes became the initiative campaign for tax limitation, Proposition 1, in 1973.

Some samples of these papers covering many topics are included as part of this interview, as pages 19a-19d, 20a-20d, 66a-66e, and 68a-68e. They are drawn from the collection of Reagan's gubernatorial papers which are housed at the Hoover Institution for War, Revolution and Peace and included

with their permission. Martin also wrote the actual legislative messages which Reagan delivered: "Meeting the Challenge: A Responsible Program for Welfare and Medi-Cal Reform," sent to the California legislature in March 1971; and, "A Reasonable Program for...Revenue Control and Tax Reduction," submitted in March 1973. Martin donated copies of both of these reports to The Bancroft Library as documents supporting his interview.

Also of great interest here are Martin's descriptions of the process of assembling this material, of his working with Reagan on speeches and messages, and of the daily responsibilities of the cabinet and other executive staff members. His outlook on this work is special because of his philosophical alignment with and empathy for Ronald Reagan. As he remarks about the speeches, they were "the most effective form of informing the public, of what he was trying to do.... It was a reaching out to the people to tell them about things, and we had a lot of controversies that were misrepresented."

The interviewer conducted two taping sessions with Jerry Martin, on 17 December 1981 and 26 January 1982, in Martin's lightly cluttered, compact office at Standard Oil of California in San Francisco, where he is currently at work in public relations. He had penned notes about what he saw as the achievements of Reagan's gubernatorial administrations, those efforts to make major structural changes in state government. Martin supplied the interviewer with several charts and other documents to help clarify his recollections. The interviewer submitted the transcript to Martin for his review and corrections, which he returned after clarifying several passages.

Martin's interview, "Information and Policy Research for Governor Ronald Reagan, 1969-1975," offers a self-examination of one critical, though somewhat invisible, role in that intricate network that is the modern governor's staff.

Sarah Sharp  
Interviewer-Editor

14 December 1982  
Regional Oral History Office  
486 The Bancroft Library  
University of California at Berkeley

## I YOUTH IN AUSTIN, FIRST WORK IN JOURNALISM

[Interview 1: December 17, 1981]##

Sharp: What I'd like to do is just get some basic biographical background for the purposes of the record, and just begin by asking you what your full name is.

Martin: Jerry Chambers Martin.

Sharp: What were your parents' names?

Martin: Thomas Green Martin.

Sharp: And your mother's?

Martin: Molly Gladys Chambers Martin.

Sharp: So you were given your mother's name?

Martin: Yes.

Sharp: Where were you born?

Martin: Austin, Texas.

Sharp: When, if you don't mind my asking?

Martin: February--the same day as the governor--February 6, 1933. But not the same year!

Sharp: He's quite a bit older. Did you grow up in Austin then?

Martin: Yes, I grew up there and I went through high school in Austin. I went to public and parochial schools there, but mainly public.

---

##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 79.



Sharp: So you were raised as a Roman Catholic?

Martin: No, no, we were Protestants--Cumberland Presbyterians!

We lived near a parochial school. When my sister started to school, my mother wanted her to go to the nearest school. So I took her. When I grew up most of my junior high [period was spent] around the campus of the University of Texas because we lived about two blocks from the main tower. I don't know if you have even been through Austin?

Sharp: No, I haven't.

Martin: You remember that shooting spree with the fellow from the tower?

Sharp: Oh, yes.

Martin: It's a huge tower; it's like a twenty-six story tower. It's the most commanding structure other than the capitol building in the city. I guess it was back in the sixties, some sniper spree. I remember reading about it with great interest.

Sharp: I know that you went to work for the Oakland Tribune. How did that come about?

Martin: When I got back from the service, I went to assorted schools in higher education. But I went straight out of high school into the Korean war and was in the service for three years, active duty, and another five, inactive, in the service. I was a couple of years in Japan and in South Korea.

I got out a little early because my father was in a terminal cancer illness. I was kind of helping get the family stabilized in that situation. I went to school in some junior colleges around Houston and UH (University of Houston) in the evening divisions. I also worked full time. I first worked for an oil magazine.

I had possibly a little edge in journalism because my family was in journalism. By the time I was out of high school, we had had some experience. We were working on weekly newspaper publications. When I was in the service, I was trained as a radar operator--although I never actually did any--for the good of the service--[laughs] radar operating! When I was overseas, I edited an air force weekly newspaper, a base newspaper. Then I served as a correspondent for the Pacific Stars and Stripes for activities involving the units at our base and under our command. Part of those duties evolved into being a travel escort for touring correspondents who wandered in and out of our area of operations and who wanted to do something or go on one of our flights or whatever.

Martin: That was a very interesting thing. I met a lot of real interesting guys, including the guy I later went to work for with the AP [Associated Press].

Sharp: So was that the beginning of your connection with the Tribune?

Martin: Oh, no. So that got me into journalism. I first worked with the United Press. I was a correspondent with them in Cheyenne, Wyoming, in New Mexico, and in Texas. Then I went with the AP in Dallas. I got transferred to Salt Lake and worked there. In 1962, I took a year out of journalism and served as the executive secretary of the Utah State Republican Central Committee because I had always been interested in politics, which we can get into if you want to. After a year of that, when the campaign was over, then I wanted to get back into journalism and that's when I went to work with Bill [William F.] Knowland's paper [Oakland Tribune].

At first I was a political writer and through the '64 campaign, I covered [Barry] Goldwater through the election actually. After the campaign was over, I went up to Sacramento. I covered the senate and weekend partisan political gatherings. Ed Salzman--I don't know if you know Ed--covered the assembly. He was our resident correspondent there and we would usually send somebody up during the [legislative] sessions, too. So I went up. I took the senate and he had the assembly. He had a lot of good contacts with Jesse Unruh and I knew most of the Republicans. .

About April of '65, I'm not sure if it was a death or what it was, but the chief editorial writer at the Tribune had some health problems or something. I came back and become the chief editorial writer, which I was for about four years.

During my years in Oakland, I knew Ed [Edwin] Meese [III] slightly because he was a deputy district attorney [of Alameda County]. We didn't know each other well. I didn't cover things locally like that. I did comment on local issues occasionally. But it's just the way that people run into each other.

Sharp: Let me just stop to see if we're recording all right. [tape interruption]

I wanted to ask you if in your work as chief editorial writer, you had much chance to comment on the first couple of years of Reagan's governor's office work.

Martin: Probably I did. I don't recall and usually it was philosophically. The paper was sympathetic, as you would imagine, but I personally was, too. I can't remember any great specifics, but I do remember applauding his election. [laughs]

Sharp: I'm sure! Were you involved in the '66 campaign at all?

Martin: No, other than as a newsman. I was an editorial writer then, so I probably commented a lot and I probably wrote the endorsement editorial or something.

Sharp: So I think that's an involvement.

Martin: Yes, I guess that was, but I wasn't in the campaign and that sort of thing.

## II AN OVERVIEW OF THE POSITION OF RESEARCH ASSISTANT TO GOVERNOR REAGAN, 1969-1975

### The Appointment, First Impressions

Sharp: I want to start focusing now on your work as research assistant in the governor's office for Ronald Reagan. First of all, to ask you what led up to your coming to work in the governor's office in 1969?

Martin: I had been thinking for a couple of years about my long-term career goals in journalism, and at the Tribune, and I began to feel that I had exhausted all of the potential that I wanted to or felt was there for me. In fact, I was thinking of leaving journalism at some point, as often happens to guys with kids approaching college age! [laughs]

I had had an opportunity shortly after Reagan was elected to go up to Sacramento. I forget the capacity, but someone approached me. Over the years as a political writer, editorial writer, opportunities come along when you're active or identified in political affairs. A lot of time there are a lot of uses for a journalism background in government, in campaigns, and in politics, and that sort of thing. It has very valuable uses that can be put in an administration.

So I was asked to do something and at that time I was not ready to leave. But I guess there were a number of things. One of the things involved a fellow who was a long time political writer at the [Oakland] Tribune [Dave Hope]. He was a good friend of mine. He passed away in early '69 and we had just been talking about career goals. I had chatted with him about, what I was thinking about, some opportunities I had to leave. He said, "You should do it. If you are planning to switch careers, you should do it before you invest too much more time in journalism." Then he passed away and when the next opportunity presented itself, I was ready.

Sharp: Who asked you to come?

Martin: I had been in contact with--I was a friend of Rus Walton's, a very good friend. Rus had been active in politics. He was a former journalist too and a very interesting guy. He had been with the National Manufacturer's Association as a regional executive. I had known him in these volunteer political groups. He was head of United Republicans of California, which was one of the conservative groups that sort of sprung up in the political gathering storm that resulted in the ultimate nomination of [Barry] Goldwater, the structural changes down through the precinct level as people gathered their strength. California has more of these volunteer groups than some other states. In some other states it's more a formal party mechanism, but here the expression is spread through both volunteer groups and through the formal party.

Sharp: I know that through the sixties, maybe after Pat Brown's election, for obvious reasons there were lots of small Republican--

Martin: Well, there were. There was the '62 governor's election--I was not living in California then--but I know the result was probably a big shock because [Richard] Nixon ran an extremely close race with [John Fitzgerald] Kennedy. The '58 election, if you go back to that, when Bill Knowland lost a bid for governor that year, that was a watershed year for Democratic gains. So there was a shift in public sentiment. The out party always seems to be more active trying to figure out ways to get back in! [laughs]

Sharp: So was Mr. Walton primarily instrumental in your coming in?

Martin: Yes. Well, I was talking with some others. I actually was thinking of going to work with some legislators, to assist some Republican legislators. But I happened to go down and I happened to chat with Rus. He had recently organized the program development unit. Rus had been with the administration in some other capacity in the highway department or public works or something. He said, "This may be fun and we could use you." So that's when I got with him.

Sharp: What skills did you bring to that job that were important?

Martin: One of the things that we did, and my major involvement, was speech writing--writing of all kinds of things. I don't know if you are familiar, but the governor (any governor) has a tremendous array of messages, formal messages, to the legislature. [It means] writing, editing, assimilating material, gathering data and putting it together, not in a bureaucratic way but in a way that people could understand and it could be used to point out what it is that you were trying to do, and what it is you were doing. Any administration is always subject to attacks by political opposition, and usually the press release of an opponent of the program does not tell the complete story [chuckles], and so there is always a need to assemble and gather the responses to that.



Martin: But my title was there, as it evolved in that, we can get into a little bit later because there was a great evolution in what I was actually doing. I originally started out as part of Rus's program development.

Sharp: What are your first impressions of the governor's office when you came?

Martin: When I came? It had just recently been reorganized. I came aboard just as Ed Meese became executive secretary [February, 1969].

Sharp: Like within a month or so?

Martin: Two months, within two months. In fact, when I was talking with him about coming out here, it was when they were in the process of reorganizing. Bill [William P.] Clark [Jr.] had gone to be a judge at that time. I think he had been appointed to superior [court] judge or something and Ed Meese moved over from legal affairs to be the executive secretary. So I, in effect, came in the reorganization that took place at that time.

Sharp: Did it seem a pretty confusing time?

Martin: Well, there was an awful lot going on then. They had these ongoing task forces examining the various aspects of government. Reforms were being proposed and this sort of thing. Like any other administration, it's a learning process to learn how big you can pile your plate and expect to get it clean by the end of the session.

You are forced to address ongoing things, a lot of issues. The student disorders were going on at that time. In fact, my first big project was the People's Park activities, if you remember that. I don't know, were you in California at the time? It was in 1969.

Sharp: I was in college in California.

Martin: I'm sure you remember it. That was at a time I was working with Rus on a variety of things, the creative paper series. Rus was chiefly responsible for that. But in the program development area, we were examining areas of government that needed reform and what to do about how to organize for them, how to bring the program together. Ned Hutchinson, James M. Hall, and a number of others were involved in assembling the people that would be doing it. We were just all over the place in the sense that the 1971 welfare reform program had its inception. The administration had a welfare reform program initially (in 1967) and they had one in 1968. They were running into some stiff resistance in that and, also, I don't know if you are familiar with the welfare, but that is an enormously complex--

Sharp: Yes, I thought we'd talk about that next time.

Martin: Okay, great, because that deserves a lot of its own time.

Sharp: What I'd like to do is talk about some of these papers that I found at the Hoover Institution. We'll talk about them next time, but I'll show them to you now. Molly thought that those research memos were yours.

Martin: Yes, they are.

Sharp: I thought we'd just talk about how those memos worked, what they did, what they were for, what effect they had, what came before them and after them, and that sort of stuff. What we'll do today is talk in a more general way on several basic topics. Then we'll get into substantive issues next time.

Martin: Okay, great. [looks over papers] Yes, I remember this. I brought along some other things just to give you an idea. I still have a lot of material at home in my garage which, some of these days, I'm going to get all together and give to some university or something. [laughs] They no longer give a tax break for that, but I'll give it anyhow!

Sharp: I know that Molly [Sturges Tuthill] is always interested in acquiring new material. If you're really interested in cleaning out your garage, you might give her a call.

Martin: Okay. Good.

### The People's Park Report Assignment

Sharp: How did your role change then? Let's just start that way.

Martin: It began to change substantially when the People's Park situation began developing.\* To refresh your memory, what happened there, was they were having this series of student disorders on the campus focused around this piece of property that the University [of California] had earmarked along with what later became known as hippie apartment houses. The university actually held title to the People's Park. As the university expands or any public facility like that, they earmark in their long-range plans, "This is what we want."

---

\*In May 1969 students from UC Berkeley and others fought with National Guardsmen and policemen over possession of a one square block area of land which was owned by the university.

Martin: Berkeley, as you know, is a big behemoth of an institution in a small area and a lot of people. Housing has always been, for the last ten or fifteen years, tight around Berkeley and expensive. What happened is that some of the apartment houses around there, they were earmarked, they were in the path in effect, for expansion. But the university didn't have the money at the time, or it hadn't gotten around to acquiring it, so a lot of these old apartment houses became kind of dilapidated.

It's the same kind of thing when the government sticks its nose in the economy in a way that is not good. If they want to acquire something, they should acquire something, they should acquire it. Instead, they just designate it, which makes it difficult for the property owner, whoever owns the property, to make any effective use of it. You certainly don't reinvest monies into a house that may be torn down.

It's the same kind of flaw that rent control creates. It has the superficial appeal to those who don't think through the consequences of rent control, which is the kind of thing you have in the south Bronx now. Rent control is just a way station to disaster in terms of housing, and it is not in keeping with our institutions of freedom at all.

Anyway, what led up to People's Park was a combination of the Vietnam war, a combination of the hippie elements around there or whatever you want to call them, all the students and non-students. I'd like to emphasize that non-student involvement because poor Berkeley, I always felt, took a bad rap for being something that it was not, and the students were things that they were not. They (the students at UC) included the full range of political viewpoints. They included the full range of kids that went to class everyday, but they also included a whole lot of street people.

Some of those demonstrations are one of the things I probably commented on a number of times very strongly from the [Oakland] Tribune's podium--about the direction of some of the student protests, about the draft, and that sort of thing.

Sharp: How would you work with Mr. Walton on the People's Park?

Martin: I think that these demonstrations finally occurred about May 15, the actual date it started escapes me--

Sharp: Of '69?

Martin: Yes, and I had come in about in April. They had this situation where the National Guard was called out and there was tear gassing and this sort of thing. There were some marches and challenges.

Martin: We got the governor [Ronald Reagan] to call up the National Guard. We restored peace. There were some people banged up in it, jailed. I don't know how many hundreds, but more than a hundred were jailed or at least arrested. The biggest part of it was concentrated in a two or three day period, May 15, 16, or 17, something like that.

The governor, after it had sort of subsided, wanted to do a white paper on the subject and wanted to get the issue explained to the public, what it is that was at stake, what the police action was, what the National Guard action was. In other words, an entire white paper examining the whole People's Park subject. Ed Meese asked me to do that, be the chief writer on that, and he assigned Dick [Richard K.] Turner, who was the assistant legal affairs secretary. There was a task force of us and we went down and Dick and the various people on the task force examined all of the reports on the minute-by-minute activity, all of the newspapers. We interviewed a lot of people in the Berkeley police in assembling this report. My task was to then write the report. From that report the governor made his People's Park speech to the Commonwealth Club in June of that year and that was televised state-wide because of the intense interest in the subject at that time.

It really, in a public sense, turned the issue. People were confused about what it was. The issue as stated by some of the people involved was that some poor students wanted to plant some posies in a park and thereby improve the grubby urban environment. I don't know if you've seen People's Park lately, but anyway, it had become a gathering ground primarily not really for students. There were some who claimed the status of students, but most of these were street people. There was one person killed in that [People's Park] thing and I have written many a letter to many a publication. They say a student was killed. The fellow who was killed [James Rector] was not a student. What happened was that you just have to recast the scene to understand--no one knows really what the circumstances were. He did get shot, obviously by one of the sheriff's deputies, you will recall. Actually, I was really surprised when he died. He was interviewed on TV in the afternoon (after being wounded). I was really surprised that it was that serious a wound. All we know is that he was found on a roof top, and taken to the hospital.

I'm sure Molly [Sturges Tuthill] has a copy of that report if you'd like. I probably have one or two and you ought to get that, rather than go into the specifics of all of that. First, the report laid out the facts, what the facts were. This was a piece of university-owned property that ultimately they planned to make, I think, student housing. In the interim, they wanted to clear it off and use it for additional parking and the issue became focused as, "They want to make a parking lot out of a park where we want to



Martin: grow things." There were some things growing there, including marijuana plants and that sort of thing! [laughs] They had rapes. They had all kinds of disorderly conduct, to use a very pleasant euphemism.

Sharp: How would you contrast this early assignment with things you did, say, a year before you left; say, in '74 and the first part of '75?

Martin: This was a period of highly concentrated work. I was on that for about six or seven weeks of day and night activity, weekends and all. Dick Turner and I practically saw more of each other than we did of our wives. He was handling the legal part, and we had the fellow who was the liaison with the police and the National Guard people and all. I knew most of the reporters who were involved, including a fellow from the L.A. [Los Angeles] Times who I used to kid, Darrell Lemke, who was a reporter. He was hit by some of the buckshot in the leg. I used to laugh and we'd tell him, "Boy, your story was a model of restraint!" [laughs]

What it really boiled down to was the demonstrations were challenging the authority of the university. The university had designated this. Now, whether you agree with the uses of the property or not, there are ways to protest. You don't grab an ax handle, or you don't have a mob in the street controlling the use of public property. Otherwise we don't have an orderly and civilized society. That's why we have police, that's why we have all of the other institutions of law and order or whatever you want to call them.

Sharp: Did you get on to equally controversial topics later on?

Martin: Oh, yes. I was the major crafter of the welfare reform book, if you ever saw that.\*

Sharp: Yes, I wanted to talk about that.

Martin: And of the ill-fated Prop 1 [of 1973].

##

#### Research and the Routine of Cabinet Meetings and Program Development Work

Sharp: I wanted to ask you some other questions to move us along. I wondered about the weekly meetings, which ones you might want to--

---

\*This is a reference to "Meeting the Challenge: A Responsible Program for Welfare and Medi-Cal Reform." See pp. 55-61 for discussion.



Martin: [laughs] It wasn't just weekly!

Sharp: Yes, I know, daily, hour by hour!

Martin: During the [sessions of the] legislature quite often the senior staff would meet for breakfast at the Sutter Club.

Sharp: What did you talk about at those meetings?

Martin: Part of the meeting was a status report on the urgent topics of the day and in the legislative session, if it's a critical time point for a committee vote, or whatever, or we've got to meet with so-and-so, we have to meet with the speaker and with the Democratic leadership or whatever. So we didn't have just weekly meetings. The cabinet system was then in force and the senior staff attended all the sessions of the cabinet, too. I would go to all of them unless I just had something that I couldn't get out of doing. We attended all of those. We attended working lunches with the governor in the governor's office almost every day, three or four times a week, unless he had a luncheon engagement or was out of town or something. He usually ate lunch in the office and that was a senior staff cabinet lunch. So we ate there.

At the end of the day, especially during the legislature, Ed Meese would call around 5:30 p.m. or so. Then there would be sort of a gathering to see if there were any loose ends or things that people needed--so you were on top.

I don't know if you are aware of the paper work that is involved as a governor's duties in the legalistics, but every time the governor orders the flag to be flown at half-staff in memory of somebody, there has to be a formal proclamation issued and have formal paper work, legalistic paper work. Dick Turner, who is a delightful guy, is an attorney up in Sacramento now. Dick had a satchel full--a briefcase--of proclamations for various and assorted things ranging up to and including calling out the National Guard! [laughs]

At this time, it was during those years, you had a lot of violence. There was the violence in the prisons. You had an awful lot of things going on, the draft riots. Well, they had occurred a little bit earlier, but there was still a lot of resistance going on.

Sharp: Who did you consider your boss in all of this?

Martin: The governor was the ultimate boss, but Ed Meese was the boss. Ed Meese was the boss of the senior staff, but on this little chart we had a direct line to the governor. Because of the nature of being the chief speech writer, I had to meet a lot with the governor alone to discuss speeches--you know, what he wanted to say and that sort of thing.

Sharp: Did Mr. Meese assign you much of your work?

Martin: No. Well, yes, he would assign some specific projects. Generally, when we would come up with something like the welfare reform program, he would have a task force going. We'll get into that in your other session. But they had a task force approach to government and in late 1970 after the election, Thanksgiving weekend, the day after Thanksgiving when everybody else was vacation, we had an all-day session to plan the restructuring and the approach to the data.

I think the second term of the governor was when his major achievements were accomplished during that period. We had programs like welfare reform. We had the reorganization of state government. I've got some material at home. I wish I could show it to you, but the reorganization into the cabinet system of government was something that occurred--I think they call it the 1968 reorganization bill.

Under prior administrations, all of the different departments of the state government, ranging from the veterans' affairs to fledgling consumer agencies that were then in existence, reported directly to the governor. The governor appointed the head and there was usually a deputy or two, and they reported directly. Between fifty and seventy departments were reporting directly to the governor. Well, that's not a coherent way of doing things. It fits well for a governor who is very political like [Edmund G.] Brown [Sr.] who made appointments on the basis of his political knowledge. Brown would spend time with them and they would report directly to him and he did not have a cabinet system.

Under Reagan, they wanted to get it so that you could make use of his time properly. I have heard the analogy of the board of directors, but that's about what a cabinet is. He really used it and that is still his style of governing, his style of leadership, to concentrate his time on having the programs presented at the cabinet, hashed, thrashed out, decisions made, and you go forward from there. That requires you to have an agenda and this sort of thing, because you just can't get anything done when you let seventy different people wander in and out.

So what they did was they grouped under the various secretaries. There were four cabinet secretaries plus Ed Meese and different-- Well, like Earl Coke, he was preceded by others. Norm [Norman B.] Livermore was there for the full eight years, Jim [James M.] Hall, Verne Orr was the director of Finance. The director of Finance, Ed Meese, and the four cabinet secretaries were the cabinet. Then the senior staff also attended these meetings.

Sharp: Let me just stop you right there because I wanted to ask you some questions about the cabinet meetings and what you did. I wondered, first of all, if you worked with Jim [James J.] Crumpacker, as the cabinet secretary, to co-ordinate information that fed into the cabinet meeting, if that was a sort of channel of communication?

Martin: It was, but it was that way for everyone. The cabinet secretary's job was to serve as sort of the administrative officer of the cabinet who developed the agenda, in that he would work with the different cabinet officers. Ed [Edwin L. Thomas] would say, "We've got the farm bill (or whatever) coming up this time we want to present." Or, "Here's the water project proposal. We'll need some time to bring in the department head to present what it is that they want to do. Give some time for debating."

Quite often, there would be a split. One or two or three would have one view and three or four would have another. They brought the issue--put it on the table in effect--explained the pros and cons of it, had someone make the presentation or [had it go] around the table.

Then there was discussion among the cabinet officers. If a department head had somebody he wanted to bring in to say why we should be for this, why we should be against it, that would happen. Everyone--the press secretary was there--we all analyzed the issue for its fiscal impact. Verne Orr would say something--usually the Department of Finance was against everything--[laughs] or at least they were for things only in moderation.

Sharp: Did you work with the agency secretaries or even department heads before cabinet meetings on certain--

Martin: Oh, yes, there usually was a lot of pre-cabinet meeting work to do. My function depended on the issue, the area. On the major programs that I was later involved in developing like welfare reform, the elements of these were pieces you worked on a little at a time. You don't put this altogether in one grand swoop.

Then we would also be in contact with the various task forces because the governor hadn't worked out his position on these various issues and they were a major resource in gathering the background data. I think that is a very effective approach. It is the way business operates, and it is the way that anybody who wants to stay in business operates. They don't operate with what Governor Jerry [Edmund G., Jr.] Brown later gave the term flaky data. Quite often in government you get flaky data as the basis for legislative proposals, for spending proposals.



Martin: I will give you a very good example. You remember the great postwar [World War II] wave of growth in the number of school students, the baby boom, and all that sort of thing. In California in those days, and I forget the exact numbers, we were building a classroom a day or a school a day or two schools a week, something along that order. Anyway, there was a great growth. The schools, the colleges, everything was growing at that level.

When the governor came in, UC--this was one of things that involved his controversies, various controversies with UC--the University of California had ambitious plans for further expansions even beyond the campuses. When you began to look at it, what are the demographic numbers that you are basing this on? And the school budgets...should we continue to grow at this pace?

I plotted that out once for a project. This was one of the things that I would do is to gather and marshal an argument. Based on the projected spending that was presented by the people advocating unlimited money for schools, by the year 1990 or 2000, California would be spending 105 percent of its total gross revenue for schools. Obviously that couldn't happen and it didn't happen. When you go through and pin down some of these government proposals, they were usually presented by long time career bureaucrats who are used to just dusting off last year's budget, changing the numbers, adding a few more zeroes on the end, and that's their proposal with no substantive examination of, "Are we doing what it is that this is supposed to be doing?"

In education, like so many other areas that the governor was involved with, and he is still involved with, he (and we felt that) whatever amount of money was being spent, we were not getting the product that we expected. We were getting functional illiterates graduating from high schools, and people were wondering why. There are many reasons. But just on the sheer building plans of the educational establishment, they ignored a little thing like the pill and the drastic turn down in the birth rate. Just the projections, therefore, did not have any validity whatsoever. This was what caused the great tensions.

Reagan came along at a time when public spending in the public sector had been growing for so long, taking more and more income. Those of us who have a conservative economic philosophy, and in my opinion the only valid economic philosophy, say that you can't have a nonproductive sector grabbing most of the income. It has a devastating impact on the ability of the basic economy to function.

- Martin: That translated into squalls of unhappiness about property taxes, and with good reason. Some of the property tax revolts in this state--Prop 13 was the ultimate end of Prop 1.\*
- Sharp: In '73.
- Martin: Prop 1 had the same goal. Let me just show you a trend line that is very illuminating for anybody that ever doubts the validity of this. This was done in 1973 and when we had tax growth without limitation. We forecast that if we didn't put some clamps on the growth of government spending and its unlimited ability to dip into your pocketbook, the state budget would reach the horrendous total of \$20 billion by 1980 or '81 or so. It's \$27 billion now under [Edmund G.] Brown [Jr.]. That was part of the governor's comprehensive approach, to rein in government, get the spending directed toward the priority projects, base your priorities on real numbers, reality, which meant trimming a lot of sail. [pause]
- Sharp: I wanted to ask you about what you saw as your role once the cabinet meetings started.
- Martin: In the cabinet meeting?
- Sharp: Were you supposed to sit there and absorb information and be silent?
- Martin: No, we all participated in these discussions. The legal affairs secretary had to be present generally too, but the press secretary had to be there at most of the decision-making sessions so he would know what was going on, how to respond, what the status of it was. My role was very akin to that of the press secretary in that sense because I was doing the governor's speeches. That saved an awful lot of time of researching where we were on a place, what was the decision point. I could do a lot of the other, the nitty-gritty part of gathering the numbers or the status, but that gave me a feel for the nuances of where we were on this issue, and that particular thing, and just keep me up to date.
- Sharp: So you were mostly listening?
- Martin: Mostly I was listening, but we contributed. Oh, no, they asked for and encouraged this, because I had been chief editorial writer for a major paper, had been a political writer, and had been active in politics personally.

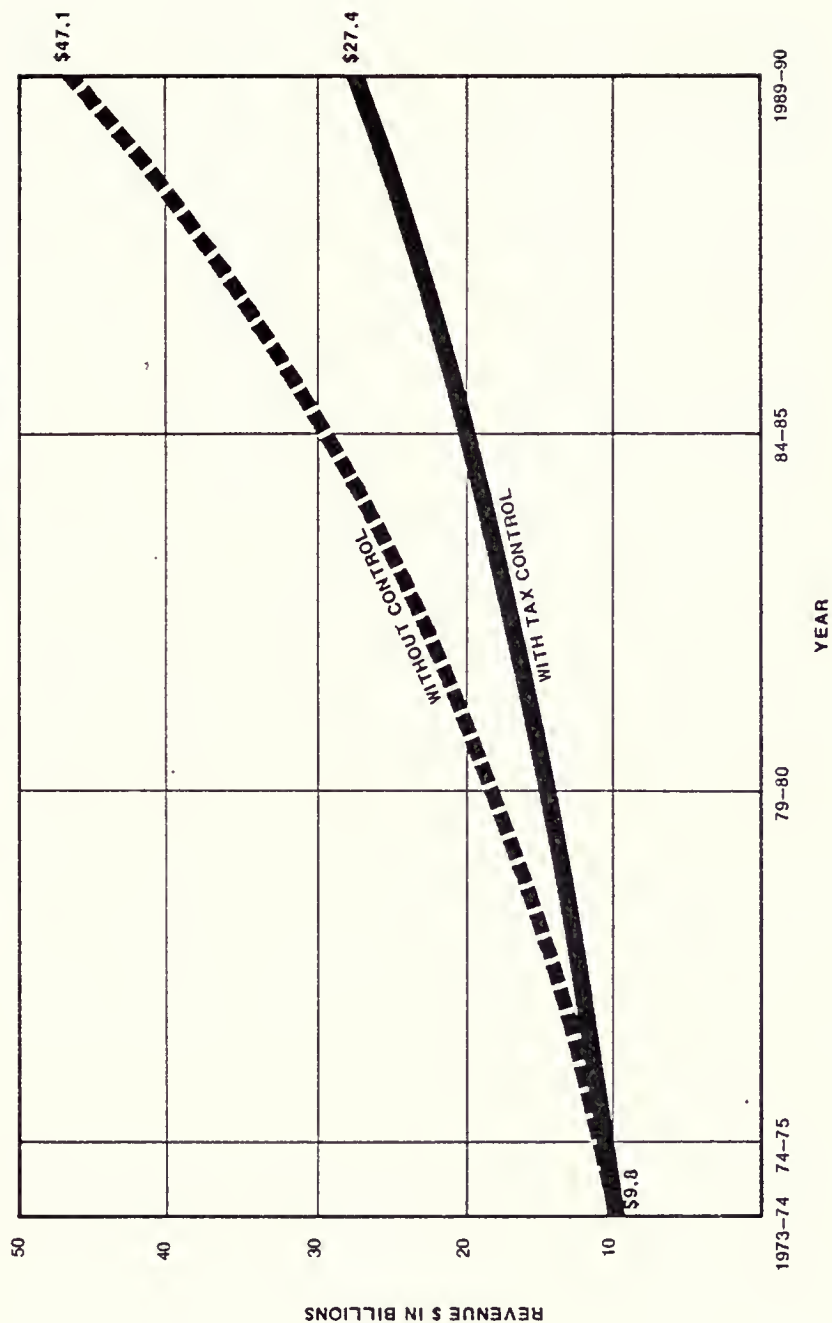
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\*Proposition 1 was Governor Ronald Reagan's tax-limitation initiative which was the subject of a special election he called for 6 November 1973. It was defeated. In June 1978 California voters approved Proposition 13, an initiative ballot measure sponsored by Howard Jarvis and Paul Gann that sharply lowered the amount of property tax that could be levied by city and county government.



FIGURE 5

# PROJECTED STATE REVENUE GROWTH UNDER TAX CONTROL PROGRAM



\*From "A Reasonable Program for... Revenue Control and Tax Reduction," Ronald Reagan's tax reduction legislative message submitted to the California legislature 12 March 1973.

Chart is from p. 40 of message.

TABLE 5(a): PROJECTED STATE REVENUE GROWTH UNDER  
TAX CONTROL PROGRAM 1974-1990

<i>Fiscal <sup>(1)</sup> Year</i>	<i>Revenues in Millions of \$</i>	<i>Revenue Growth in Millions of \$</i>	<i>Tax Burden as <sup>(2)</sup> % of Income</i>
1974-----	9,759		8.75
75-----	10,464	705	8.65
76-----	11,170	706	8.55
77-----	11,923	753	8.45
78-----	12,724	801	8.35
79-----	13,577	853	8.25
80-----	14,486	909	8.15
81-----	15,453	967	8.05
82-----	16,481	1,028	7.95
83-----	17,576	1,095	7.85
84-----	18,740	1,164	7.75
85-----	19,978	1,238	7.65
86-----	21,295	1,317	7.55
87-----	22,694	1,399	7.45
88-----	24,180	1,486	7.35
89-----	25,759	1,579	7.25
90-----	27,436	1,677	7.15

\*From "A Reasonable Program for... Revenue Control and Tax Reduction," Ronald Reagan's tax reduction legislative message submitted to the California legislature 12 March 1973.

Table is from p. 41.

Martin: That's one of the reasons why I got out of journalism--because I wanted to do something, and you can't do it as an objective observer. I have sort of been torn between getting into the trench or watching it; the sidewalk ends there. I was anxious to get into it.

I had been interested in politics since I was a kid and grew up in LBJ's [Lyndon Baines Johnson's] congressional district. He was our congressman. My first political activity was going to his watermelon parties when he was running for re-election, eating his watermelon and then passing out cards for his opponent! [laughter]

Sharp: I hope the watermelon went down okay!

Martin: Oh, it did. LBJ was a man of his time.

Sharp: Did it help that your political perspective, your political philosophy, was very similar to Mr. Reagan's?

Martin: Yes, definitely. What is a political campaign or administration other than a gathering of like minds and philosophies?...and not necessarily a group of people who agree with each other totally. I didn't agree with the governor 100 percent. I didn't agree with anybody around the table 100 percent and if we did, there would have been no reason to meet. You can never have 100 percent agreement, but basically we shared the same philosophical points. I had some disagreements, still do have a couple of disagreements with him on some issues.

You never get 100 percent agreement. But when you pick, in our system, between which of the mainstream parties you go with or identify yourself with, and then within that structure which of the candidates you support, which administrations, it's not surprising that you find people sharing broad agreement.

We had Democrats on staff, too. He [Reagan] was not rigid in that sense.

Sharp: I wondered how you worked with Jim [James E.] Jenkins as director of public affairs?

Martin: Jim came on later. We operated more or less autonomously. Jim came on a little bit later and he had been back in Washington. I think he came in '71 or '72. He served a function that was part of the reorganization that took place in the governor's second term where the relationships underwent a transition, and different responsibilities were regrouped or rearranged. Jim was primarily concerned with the legislative program and external liaison. It incorporated the press functions and our functions, too, as an umbrella type of thing.

Helping the Governor Communicate

## Research Memos and Legislative Messages

Sharp: Who worked under you?

Martin: I had a couple of research assistants and a secretary who was the major speech-writing secretary for the governor and for all of our activities. But we (the entire staff) operated really more like a team. We were not rigidly separated in a sense.

My title of research secretary, I just simply inherited that because it was a slot. I used to get research proposals sent to me by people who thought that I was the state official who gave contracts for research into various things. I used to send them off to the appropriate people. That's not what I was doing.

But research, I did do that, but mine was mainly an operational function in doing the speeches, in preparing the messages, preparing the various support materials.

The governor would be asked to do an article for magazines and stuff like that and I would do the research and the crafting for that. The governor originally, during his days before he became governor, he used to do his own speeches.

Sharp: That's what I heard.

Martin: He did and he was still trying to do it even into the early part of his term and he contributed very much. That is a whole different area that if you ever wanted to chat about his approach to that because it is one of the keys to his success, but obviously as the governor, the demands on his time just became so overwhelming that he just could not take the time. First, Rus [Walton] and his unit provided speech drafts, did the basic research, and that sort of thing. The governor would finish them off. Then I took over that role and gradually I just took it all over and I became the chief speech writer.

Speech writing became very important, or the speeches became very important, because that was the governor's main form of informing the public, or the most effective form of informing the public, of what he was trying to do. It was a lobbying technique if you want to call it that. It was a reaching out to the people to tell them about things, and we had a lot of controversies that were misrepresented. The mental health program--and we can get into that, too--in fact, there was a litany of those. Each of those required a formidable marshalling of responses.

- Martin: Some of the material that you showed me, the Reagan versus [George] Moscone tax program comparison\*--it was advertised as a sock it to the oil companies [plan], I believe, [by] the Moscones. Only about \$22 million of it, it was doing away with the depletion allowance, the state oil depletion allowance. You can argue whether that is good or bad. I personally think it is bad. I think part of our energy crisis is, as some of the liberals are discovering, because they did away with the economic incentives to develop energy here at home and then made it impossible to develop anything because of environmental restraints.
- Sharp: Keeping in mind the fact that speech writing and his delivering speeches was the main way he communicated with however many millions of people who live in California there are, did that seem a particularly burdensome responsibility to you then, because it was your job to begin to craft it all?
- Martin: Well, I liked it. It was a key element in his ability to push his programs to, one, present and make them known and support them; [then, to] explain, amplify, cajole, whatever you want to do, with the legislature to get the things done that we were trying to get done.
- Sharp: Did you have a lot of data processing equipment that you used in your research?
- Martin: I did inherit a lot of material, but I'm one of those who look beyond the electronics of our times. The fellow that had the slot that I occupied had a Ph.D. in statistics or something, and he marshalled a very impressive way of gathering data on a variety of subject matter.
- Sharp: Did that work for you?
- Martin: It didn't work for me, but it looked nice stacked there on the shelves, the computer printouts or the little cards that they were translated to. My role was to take what data was there and then move it into some useful form, like a message to the legislature. That requires hands-on editing, evaluating, and that sort of thing of all the material. But, yes, I did inherit that and we still had it in place. I didn't use it to any degree that he had done it, but it was still there and available for me.

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*Governor's Office - J. Martin 1970*



*Reduction*

COMPARATIVE ANALYSIS OF GOVERNOR'S TAX ~~REDUCTION~~  
(AB1000 and 1001) vs MOSCONE-MILLER TAX SHIFT

Governor's Program

Moscone-Miller Amendments  
(Democratic 'Alternative')

STATE INCOME TAXES

NO change of personal income tax rates, except for couples earning more than \$32,000 a year net taxable joint return; Protects middle-income wage-earner against income tax hike. Property tax relief financed through one-cent sales tax increase.

Twenty times more favorable tax treatment for highest income citizens (\$100,000 a year) than Governor's program; Imposes the equivalent of a 10% INCREASE in state personal income tax rates for all taxpayers.

SCHOOLS

Requires state to pay inflation (cost of living) increases in school costs.

No provision relating to school cost of living increases.

Enacts spending controls for school districts and counties to protect homeowner against having his state-financed tax relief eaten up by higher local assessments and levies.

No change in present laws on tax rate limits for schools; Fails to plug loopholes which permit higher tax rates without a vote of the people.

WELFARE COSTS

State assumes substantial share of county's welfare costs in both welfare and Medi-Cal categories.

Retains welfare cost burden of counties at present level.

OPEN SPACE-ENVIRONMENT

State finances expansion of Open Space program to help preserve green belts and agricultural land.

No improvement of State's program to preserve Open Space lands.

BUSINESS TAXES AND TAX RELIEF

Further reduces unfair business inventory tax which results in flight of California industry and jobs to adjacent states which don't tax inventories; Governor's program raises inventory tax relief from 30% to 45%.

No relief for discriminatory inventory tax which hurts California job prospects and economy.

-2-

Governor's ProgramMoscone-Miller Amendments  
(Democratic 'Alternative')HOMEOWNER TAX RELIEF

Governor's program increases homeowner's tax exemption to \$1,000 plus 20%; Percentage exemption is best way to protect taxpayer against having his tax relief melt away in higher local tax assessments and levies.

Homeowners' exemption set at \$1,500; No protection against higher local tax assessments and levies.

RENTER TAX RELIEF

Governor's program provides up to \$50 income tax credit tax relief for renters. Using the tax credit to distribute this relief to renters guarantees that this tax relief will go only to taxpayers.

Gives \$70 refund or tax credit to all renters, whether they are taxpayers or not. Legislative Counsel says refund exceeding renter's tax liability may be an unconstitutional gift of public funds.

Is the Sales Tax the Best Way to Finance Property Tax Relief?

See Below:

"Although it is traditionally described as a 'soak the poor' tax, our studies have shown that, in California, the sales tax can be considered a proportional tax if a person's net resources are used as the criterion of ability to pay. The basic necessities of life--food, shelter, and medical services and drugs--are exempt from the sales tax in this State. With these items removed from the tax base, this revenue source loses much of its regressive character.

"I think that it is past time for us to recognize that the sales tax is an equitable revenue source in a balanced revenue structure. By using the sales tax to substitute for a portion of the property tax, we can improve California's entire revenue system."

Speech by Jesse M. Unruh, Speaker of the Assembly,

San Diego, Open Forum,  
San Diego, California

January 8, 1967

### GIVEAWAY RENTER REFUNDS

The Moscone-Miller amendments provide 'tax relief' (or tax credits) refunds of \$70 to all renters, whether they pay taxes or not.

The Legislative Counsel says it may be an unconstitutional gift of public funds to distribute tax relief through refunds that exceed a renter's tax liability.

With this loophole, revenue intended to provide tax relief to taxpaying citizens could be diverted to subsidize non-taxpayers because all renters would be able to claim a \$70 'tax relief' refund.

### MOSCONE-MILLER PLAN FAVORS HIGHEST INCOME HOMEOWNERS

Under the Moscone-Miller amendments, a homeowner with an earned annual income of \$100,000 per year would pay only \$19 per year more in net taxes. Under Governor Reagan's more equitable tax reform program, the same \$100,000 per year family would pay a net of \$575 per year more in taxes. (Source: Table 3, A. Alan Post Analysis).

### SOAKS THE MIDDLE-INCOME TAXPAYER

The Moscone-Miller plan soaks the middle-income taxpayer who needs relief the most. The Democratic 'alternative' is more favorable to taxpayers earning more than \$75,000 per year and up and it also favors taxpayers earning below \$7,500 compared to the middle-income tax brackets. The middle-income family earning between \$10,000 and \$25,000 would receive MORE tax relief under Governor Reagan's program.

### RAISES PERSONAL INCOME TAXES 10%

The Moscone-Miller plan proposes narrowing the first income tax bracket to produce another \$135 million from the personal income tax in the first year; \$155 million in the second year and \$175 million in the third year. For Fiscal 70-71, the State expects to raise \$1.355 billion from the state income tax. Adding the Democratic 'alternative' would, in effect, be squeezing the equivalent of a 10% INCREASE in personal income taxes out of the already over-burdened taxpayers of California. (Governor Reagan's tax reform program does not affect the personal income tax rates of the poor and middle-income citizen. Only taxpayers earning more than \$32,000 per joint annual return would be affected by the 11 and 12 per cent income tax bracket additions under Governor Reagan's plan.

Table 3  
Comparison of the Net Tax Change for a  
Married Couple with Two Children  
HOMEOWNER

<u>Adjusted Gross Income</u>	<u>Governor's Program</u>	<u>Democratic Program</u>
<u>Without Capital Gains</u>		
\$ 5,000	-\$ 54	-\$ 79
7,500	- 55	- 69
10,000	- 68	- 57
12,500	- 82	- 50
15,000	- 90	- 46
17,500	- 103	- 35
20,000	- 117	- 24
25,000	- 151	- 14
50,000	- 81	+ 19
75,000	+ 299	+ 19
100,000	+ 575	+ 19
<u>With Capital Gains</u>		
\$ 10,000	-\$ 65	-\$ 42
15,000	- 85	- 14
20,000	- 104	+ 47
25,000	- 131	+ 108
50,000	+ 5	+ 409
75,000	+ 453	+ 719
100,000	+ 826	+ 1,154

(Impact Tables from analysis by Legislative Analyst A. Alan Post,  
July 20, 1970)

Sharp: I thought we might discuss this.

Martin: The law and order, yes.

Sharp: It is dated July 6, 1972.\* What is it?

Martin: This is a little paper. You might call it a talking paper to sort of take an issue, and we had the issues--I have a little paper that goes with that and maybe a little later [I'll get it] to show you what I we mean.

A lot of people are unable in the hurly-burly, the way that information comes to people, to put [his views together]. "What did the governor stand for?" [raps table] He stood for law and order. "What did he do about it?" "Was he making any progress?" We said that the reason we proposed to do certain things is because we expect certain results to accrue then, like toughen the sentences, crack down on crime, and you'll get less crime or at least the rate of growth will be stemmed.

This is further down the road, May of '73. If you look here, this is directly out of the attorney general's report and the attorney general in those years was a Democrat. These were the seven basic crimes. [pointing to chart]\*\* This is the year that the governor went into office, the laws that were on the books when he went in. That was the rate of increase of these crimes overall, the seven taken as a group. Those crimes include willful homicide, robbery, aggravated assault, forcible rape, and the three major property crimes--burglary, grand theft, auto theft.

The 1968 the governor fought through and got the first of a series that became about forty or fifty major laws that cracked down on crime. One of them was a tougher stand on drunk driving, the lowering of the blood alcohol test and a procedure for cracking down on crime. Another was, use a gun, you go to prison. That was one of those that later the supreme court in some of the legalities got nullified because of a constitutional argument. Later it had to be repassed, but we have such a thing on the books.

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\*This memo is reproduced on pp. 20a-20d. It is from the Reagan papers at the Hoover Institution and reproduced here with their permission.

\*\*See p. 20e for this chart Martin to which refers. Mr. Martin supplied it and it is drawn from the California attorney general's annual crime report for 1973.





*Jerry Martin*  
Updated July 6, 1972  
Research Office

#### LAW AND ORDER

Governor Reagan has mobilized the full force of state government in the battle against crime, violence on campus and in the streets. Under his leadership, California has been engaged in an all-out campaign against drug abuse and obscenity.

Protection of the law-abiding citizen is the Number 1 priority of law enforcement.

Despite lack of a legislative majority to support him except for the period 1969-70, the most significant anti-crime legislation in a decade has been adopted during the Reagan era in Sacramento.

#### TOUGHER LAWS DO DETER CRIME

Although the total number of crimes in California continues to rise, there has been a dramatic slowdown in the rate of increase during the Reagan administration.

Examples: In 1967, with a (Democratic) liberal majority controlling key crime committees in the legislature, the overall rate of increase for the seven major felony offenses in California rose 11.6% over the previous year. In 1968, with the same liberals blocking effective crime legislation, the seven major felony offenses were 15.7% higher than in 1967.

In 1969, with the Legislative crime committees under new (Republican) leadership, a series of tough anti-crime laws went on the books.

Result: In 1969, the rate of increase for the seven major felony offenses dropped by half . . . to 7.7%! The same pattern was evident in 1970 when the rate of increase for the seven major felony offenses declined again to 7.1%.

With the tougher laws sponsored by the Reagan administration on the books, California's soaring crime rate increase at last is slowing down.

This leveling off process continued in 1971, when the rate of increase for the seven major crime categories was 8.1%---still little more than half the peak rate of increase that occurred in 1968, when Democratic majorities were ending a decade of tight control over the key crime committees.<sup>1</sup>

In 1967, the total number of armed robberies in California was UP 31.2% over the previous year. In 1968, a new Reagan-supported law providing tougher prison terms for violent robbery became fully operational. The rate of increase for this crime dropped to 28.7% in 1968. The 1971 increase in robbery was 13.2%

Governor Reagan proposed tougher anti-pornography laws.

-2-

Result: After a liberal majority was replaced in key crime committee assignments in 1969, the first two anti-smut laws in 8 years were passed.<sup>2</sup>

Governor Reagan urged the Legislature to pass an effective law to control drunk driving, a measure that failed when a liberal majority controlled the Assembly.

Result: In 1969, with new legislative leadership, the bill passed.

After the 1968 election, Republicans replaced a liberal majority which had repeatedly blocked effective crime legislation.

Result: In 1969, more than 20 new laws cracking down on crime were enacted. A dozen more were enacted in 1970.

#### NATIONAL CRIME RATE ALSO TAPERS OFF

Nationally, the tougher law enforcement policies of the Nixon administration also are having an impact. In 1971, serious crime actually decreased in 53 of 156 cities with population of more than 100,000 people.

Although the national crime rate still is increasing, there has been a definite slowdown in the rate of increase. In 1968, the last year of the Johnson administration, crime increased 17%! In 1970, the rate of increase for major crime was down to 10%. Other national crime indicators also were down:

--The number of civil disorders in 1970 was only half the 1968 total. Deaths attributed to civil disorders show an 88% decline in 1971, compared to 1968--the final year of the Johnson administration.

--Dangerous drug and narcotics are being seized at a rate 400% greater in 1971 than in 1969.

<sup>1</sup> A Democratic majority which includes liberal opponents of tougher laws regained control of the key anti-crime committees in 1971.

<sup>2</sup> Court decisions have cast a legal cloud over most anti-obscenity legislation.

-3-

CAMPUS VIOLENCE

Governor Reagan has responded swiftly and decisively when campus or local authorities requested help to control campus violence. "The learning process," says Governor Reagan, "cannot function in an atmosphere of terrorism or intimidation...."

College administrators such as S.I. Hayakawa who have stood up to the militants have received Governor Reagan's strong support --both in his capacity as a regent and trustee and as chief executive.

Under Republican leadership in 1969, the Legislature also acted on Governor Reagan's recommendations for new legal tools to combat campus violence. Bills signed into law:

---Require discipline of students, faculty, or employees convicted of campus crimes.

---Require distribution of specific rules of conduct on all campuses....suspend state financial support for convicted students.

---Make it illegal for anyone ejected from a campus during a disturbance to return within 72 hours.

---Classify the placing of a bomb that results in a death as first degree murder.

---Make it a crime to coerce teachers or officials at any educational institution....tighten loopholes in statutes against unlawful assembly.

-4-

DRUG ABUSE

Governor Reagan calls drug abuse possibly the most critical social problem of our time.

Here's what the State has done about this critical social problem under Governor Reagan's leadership:

- Toughened laws to crack down on dangerous drug pushers.
- Sponsored a comprehensive drug inventory control program to block diversion of legitimate drugs into illicit black market.
- Permit principals to expel or suspend students selling narcotics on school grounds.

EDUCATION

- Fostered a \$2 million educational campaign, without cost to the taxpayer, to dramatize drug danger to youngsters via TV, radio, newspaper ads and pamphlets.
- Encouraged formation of Drug Abuse Councils in every junior and senior highschool in California to allow teenagers to learn for themselves the dangers of drug abuse and addiction.
- Created State Office of Narcotics and Drug Abuse to coordinate community prevention and treatment programs and serve as a central source of information.

TREATMENT

- Adopted legislation, supported by Governor Reagan, which provides procedures for a family to obtain involuntary detention and treatment of juvenile drug users WITHOUT causing youngster's arrest.
- Provided for involuntary commitment of those who are a danger to themselves or others as a result of drug addiction.
- Proposed research program into narcotics and dangerous drugs with special emphasis on marijuana.

Statistical Sources: Bureau of Criminal Statistics Annual Reports  
1970, 1971, 1972

May 1973

TABLE 1-A  
FELONY CRIMES REPORTED IN CALIFORNIA

Seven Major Offense Groups  
Rates per 100,000 Population

	1967	1968	1969	1970	1971	1972
Total . . . .	475,835	552,750	604,576	652,393	714,685	723,936
Percent change in rate over preceding year. . . . .	11.6	15.7	7.7	7.1	8.1	0.0
CRIMES OF PERSONAL VIOLENCE. . . . .						
Willful Homicide. . .	67,670	80,832	89,191	94,351	104,489	110,680
Robbery . . . . .	1,051	1,171	1,376	1,359	1,633	1,789
Aggravated Assault. .	28,507	36,858	39,212	41,397	47,477	48,834
Forcible rape . . . .	33,682	36,934	41,645	44,603	48,098	51,926
	4,430	5,419	6,958	6,992	7,281	8,131
PROPERTY CRIMES . . .						
Burglary. . . . .	408,165	472,368	515,385	558,042	610,196	613,256
Grand theft . . . . .	265,780	299,589	321,749	348,575	391,157	398,465
Auto theft. . . . .	45,298	53,619	62,170	71,838	75,128	75,418
	97,087	119,160	131,466	137,629	143,911	139,373



Martin: But rate of increase over '67 over the preceding year was 11 percent. It was 15 in 1968. This was when they had a committee in the legislature called the assembly criminal-something committee.

Sharp: Criminal Procedure?

Martin: Yes. It was known as the graveyard of effective anti-crime legislation. It was loaded with liberals, the people who had a permissive approach to everything, [who thought] that smoking pot in the third grade is fine as long as you offer the teacher a joint. Everything. Don't be beastly to a brute and people who had the view that there are no bad boys on death row. The whole permissive philosophy that led to this growth of urban violence and terrorists. I know there has always been this misguided argument that economic deprivation creates crime and it does in certain instances. But it certainly does not create the kind of crimes that we have had in our society.

In the depths of the Great Depression there was never anything near the crime rate that we have and have had for the last fifteen or twenty years. What we did have over the years was this permissive attitude of, don't be bad to the criminal, the extension of criminal rights even to ludicrous examples.

I can remember one classic example. I called it the diaper decision. Some dope smugglers had stashed some heroin in their nine-month old child's diapers. They were caught at the airport in L.A. [Los Angeles] or something and the police, seeking a suspicious bulge in the baby's diapers and thinking that it might be something other than what you might expect to find in some baby's diapers, found this stash of heroin. That conviction and that arrest was later thrown out, or that case was later thrown out, on the grounds that the police did not inform the nine-month old infant of her constitutional rights against search and seizure. Therefore, the courts nullified the catching of some heroin smugglers red-handed in the act of having in their possession an amount of heroin.

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Martin: We did excerpts of reports on all types of issues. The publications are all there, but how many people read the Attorney General's Annual Report on Crime Statistics or even know what is in it? This [memo] was sort of a narrative to take the situation as it was, explain it, explain what we tried to do about it, and explain what the result was.

This was what this narrative was there; it explains exactly that. It explains in '69 the crime rate dropped by half and that's what we wound up with by '72. We hadn't stopped the growth and later on the curve is up, I think, primarily because they have never [raps desk] enacted tough, effective, anti-drug laws because

Martin: a lot of the crime in the property category and even some of the murders and the robberies result from drug addiction. Some policemen will tell you it's 75 to 90 percent. I believe it because you see people getting killed for--a druggist getting killed--\$10, the kind of insensible crimes that cannot be explained on economic grounds. If somebody wanted \$10, they certainly don't murder somebody for it.

Sharp: Who was this paper written for?

Martin: This was written for the use as background for cabinet people when someone said, "What are you guys doing?" It was for the governor himself to keep him up with what's happening in crime, law and order. So if, at a press conference, he was asked, "What's happened? You say you are for law and order, but what are you doing about it?" this would give him an idea. So we would update this periodically.

Sharp: I see that that says updated on it.

Martin: In July.

Sharp: Would you update it like a couple of months later or six months later?

Martin: Six months, as the occasion required. These particular statistics are gathered annually.

Then in between them there may be another legislative session where you had a new package of laws that went in, because we generally had some legislation working toward the ultimate goals that we wanted to achieve in all of these areas.

This would sort of give you sort of a talking paper. If somebody had to make a speech [about], well, what is Reagan doing on crime, law and order [they could use this]. I would also make these available to the media, to the press--interviews and background and that sort of thing.

Sharp: As somebody who used to be a reporter, especially a political reporter, did you think that you had a sense of what your colleague reporters would want and need?

Martin: Yes, oh definitely. That's why you have press secretaries who formerly were in the media and people like me, yes. Oh definitely, yes. We knew what they needed, we knew what fluff to dispense with. Bureaucrats do not. One of the things that I had the darndest time with is in government not at the appointee level generally, but at the level of the civil servants who are used to the bureaucratic way of doing things in government. The annual state of

Martin: the state message was kind of a laundry list of where you are, and what you are going to do, and this sort of thing. So in preparation for that, there were a lot of extensive meetings with the cabinet and the department heads.

Now, generally I would start out with a dictum of what we want to have as part of the materials that would go into the ultimate product. This was a committee thing. A state of the union [message] is the whole arm of government, gathering together and what is the final product. You throw away a lot and you have got a lot more information, just like in gathering any kind of book research you have a lot more than you get into your final product or otherwise nobody would read it because it's--

Sharp: Too much.

Martin: But the thing that I found the hardest to get across to that type of bureaucratic approach was, "Just tell us the five things--best things--that you have done this year to improve whatever it is that you are supposed to be doing, what area you are working in, and the five next best things, and I don't need it long." I needed a very short description to tell me what it is that they did. If it looks intriguing, and if it was worthwhile featuring, then we would get more information on it.

For example, I finally had to give a dictum after getting some of the responses, "I don't want to know how many pieces of paper you have shuffled--more pieces of paper or what you've done." What I wanted to know is things like when Reagan went in, it took forty days to sign up for a driver's license and get your driver's license. The turn around time was forty days!

Verne Orr was the director of motor vehicles, the first one. He is now in the [Reagan presidential] administration as secretary of the air force. Verne went in there. He's a business man. He came out of the savings and loan industry. He is used to getting results and that kind of inefficiency was exactly what we were trying to work against. There is absolutely no reason--we have offices, we have computers, and you just use these things in a managerial sense. We cut that down to eleven days turn around time. It has since gone back up again, as I learned when I got my own renewed! [laughter]

Sharp: Me, too. It took quite a while.

Martin: That's what comes from putting incompetent people in charge. We got shot down on this, but we tried to have the driver's license bureau open at night and on Saturdays so somebody could go in and not have to take a day off from work to do it. We were unable to beat the legislature and state employee groups on that.

Martin: But we did do things like with the bridge tolls. When Reagan went in, the bridge toll was a quarter and you paid it on both sides coming and going into San Francisco, the Bay Bridge. The Golden Gate is the one bridge that is a unique atrocity.\* It still is! The Carquinez Bridge, up there when you go between here and Sacramento, it was 50¢. We lowered bridge tolls a total of eleven times during his administration.

The way he did it on the Bay Bridge, they were having expenses and all, and they were going to go to 75¢ to cross the Bay Bridge, which they have reached now. When he was in, they did a management study. In the study they determined that about 96 percent of the traffic that goes into San Francisco on the Bay Bridge goes back across the Bay Bridge, so you don't have to have toll takers on both sides. Charge them 50¢ the first time and reduce the staff of toll takers by half or let attrition take them (which is what happened). Instead of buying new ones, they are now using that surplus bridge toll equipment down on the Coronado Bridge down in San Diego. You still get 96 percent of the revenue that you otherwise would get.

Now, occasionally there is going to be a guy that will figure out how to make a route and not pay a toll, but he is going to pay a lot more in gas to do so, and he's going to have to really plot it out.

But those are the kind of basic public policy decisions--you know, okay, so 4 percent get a free ride. Okay. But we have saved this and as a result, they were able to keep the 50¢ toll and not go to 75¢ and they were able to reduce because of overall savings in a similar vein up at the Carquinez. They reduced that down to 35¢ when he left office. It's now back up to 40¢.

Sharp: So when you were making plans for the state of the state address, for example, you would have agency secretaries feeding you these little slips of paper with their--

Martin: Oh, yes--well, not slips! [laughter] Stacks and stacks and we would have meetings. A project like that, the state of the state, is a project that involves the whole staff. You had to spotlight whatever it is we were emphasizing at the time. How you implement change is: to get the legislation that authorizes you to do something and then you do it. The administrative function of that comes in later after you get the authority to do it and you do it.

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\*Golden Gate Bridge is not administered by the state. It is a special district, with its own politically-selected governing board. [footnote supplied by Jerry C. Martin]



Martin: One of the things that the governor worked on very strongly was higher education. The crack down didn't give UC [University of California] as much money as they said they wanted, and this sort of thing. That is absolutely true. Nobody has ever been able to give UC or any educator as much money as they want. What he was trying to do was to use (wisely) the funds that we had. Part of this involved the restructuring of the way taxes were allocated and that sort of thing. That's one of the things. There is another one of these memos. I will show you several of these.

So we would fix up, well, what is the real story? Okay, this is how much they were getting in cash.\* UC was getting this amount when the governor took over. This was how much they were getting when he left. This is the difference. That amounts to an 105 percent increase. During that period there was a 43 percent increase in enrollment. This gives you things that you can track and say, "Are they getting too much?" People can look at that and say, "Okay, I think even though enrollment just went up 43 percent, they should be getting more than an 105 percent increase." You can argue that. But here is where it really is. The chart that showed the lower enrollment growth in the elementary schools because that is where the demographics really changed radically during his administration.

You just could not, well, you are not going to, spend 105 percent of what you have under any circumstances for any program. It can't happen, it didn't happen, it wasn't going to happen, and people who drew that kind of a projection and said it was going to happen were ignoring elements that were making sure that it wouldn't happen, the evolution of the pill.

Here, state general funds for education whom we took over, this was the amount that they were getting. This is the amount that they were getting in the last budget that he submitted. It went up 105 percent and the enrollment only went up 5 percent. If you will notice, 5 percent in K-12, public schools. That's through the junior colleges because the junior colleges were funded partly by the state. They went up 10 percent. You will notice that the higher growth rates, this was top of the baby boom. That was the baby boom working its way through the system. In the lower grades you were beginning to get this drastic impact. They have the situation now where they are closing elementary schools.

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\*See table on following page, supplied by Mr. Martin. This table was compiled from budget documents with the assistance of the Department of Finance, and from budget analyses done by A. Alan Post.



**AID TO EDUCATION DURING GOVERNOR RONALD REAGAN'S ADMINISTRATION**  
**California's Financial Support for Public Education**  
**(1966-67 to Proposed 1974-75 Budget)**

Feb. 1974

	<u>1/</u> Budget Year 1966-67 (Prior Admin.)	<u>2/</u> Budget Year 74-75 (Est) (Reagan Admin.)	State Support Has Increased in 8 Years	% Enrollment Has Increased in 8 Years (FTE or ADA)
State Colleges (Universities) <u>3/</u>	\$ 167.7 Million	\$ 480.2 Million	\$--Up 312.5 Million %--Up 163.6%	Up 78.4%
U.C. System <u>3/</u>	\$ 240.1 Million	\$ 493.2 Million	\$--Up 253.1 Million %--Up 105.4%	Up 43.9%
Junior Colleges <u>4/</u>	\$ 74.4 Million	\$ 314.8 Million	\$--Up 240.4 Million %--Up 323%	Up 83.5%
State Student Scholarships & Loans, including Administration	\$ 4.7 Million	\$ 43.0 Million	\$--Up 38.3 Million %--Up 914.9%	
State Funds for Public Schools (K-14) <u>5/</u>	\$1.231 Billion	\$2.691 Billion	\$--Up 1.459 Billion %--Up 118%	Up 10.6%
State General Funds for Public School Education (K-12) <u>6/</u>	\$1.154 Billion	\$2.371 Billion	\$--Up 1.217 Billion %--Up 105%	Up 5.0%

1/ 1966-67 was the final budget year of the previous administration.

2/ All figures are those proposed in the 1974-75 Governor's Budget.

3/ Figures for U.C. and State Colleges include operational budget plus faculty salary increases for 1974-75.

4/ 1974-75 figures for Community Colleges include funds for the Board of Governors of the Community Colleges.

5/ Figures include both State Operations and Local Assistance budgets for Education, K-14, all funds.

6/ Figures include both State Operations and Local Assistance budgets for Education, K-12, General Fund costs only.

Martin: The same kind of short-sighted public policy is taking place here. I have a friend who lives (in fact, his wife worked for me there in the governor's office) over in the East Bay. He has got three little boys and they are sending their kids to a private school, a Christian school.

There is an abandoned public school that they would love to lease. It has already been designated as an educational purpose. They want it. Private schools want it. A hospital wants to use it, buy it or whatever. Somebody else wants to just buy it and develop it for commercial property. The schools won't give up the property, but it's an abandoned, useless piece of property there off the tax rolls, not helping to support the state, not being used for the purpose that it was intended.

Those are the kinds of things that the governor was trying to change just with good management, with the kind of sensible management that you would expect in any kind of fiduciary responsibility which public officials at the policy-making level have.

Sharp: It's interesting to hear you talk in an administrative context about the reorganization and Reagan's attempting to make things more efficient and make communication more real and profitable, and then to see your discussion of policy making and that there was a plan.

Martin: Sure, there was! It was a constantly evolving plan guided by the broad principles of his philosophy and our collective, joint philosophy. That's why one time you have a Democratic administration and one time you have a Republican administration. In my opinion, and this is strictly partisan, the Democrats get you into trouble and the Republicans get you out.

I was born a Democrat. I was born into a Democratic family. In the South everybody was practically. We didn't even know what a Republican was, until I reached the age of enlightenment and my own evolving philosophy.

I think the major parties sort of change in many important respects about every thirty or forty years. I would not have been at all uncomfortable being a Democrat during the thirties. I couldn't be a Democrat, a national Democrat, today.

I think the parties have major shifts. At one time, the Democrats were advocates of free trade and the Republicans advocated restricted trade, as you know--tariffs and that sort of thing. Then the evolution shifted. Now you have Democratic liberal types advocating quotas, economic sanctions, all manner of economically restrictive things, and Republicans are free traders. This is true in many things.

Martin: Before the war [World War II], a lot of Republicans were identified as [having] isolationist sentiment. After the war and now, they are the internationalist minded and you have the more liberal element of the Democratic party advocating the withdrawal to fortress America, the cutting of the defense program, this, that, and the other.

Sharp: I was interested to think that perhaps you may have had some contact with the Republican party, even in the speech writing or researching work.

Martin: I'm not sure what you mean by contact. Obviously, in a Republican administration you know what the party's platform is and that sort of thing. But the party structure in California has been weak--is weak--both parties. The formal party structure really is mainly a framework for operating, but in terms of supporting somebody, they just don't have that kind of power.

That's why I always laughed about Watergate. If I were looking to find out about what people were planning in a campaign, the last place in the world I would look would be in the party headquarters! [laughs] In fact, who was the guy--that hilarious guy in those hearings, the private eye or a detective or something? He was saying that if you get your name put on the mailing list, you would never get off and you would get all kinds of material!

But that is not where campaigns--national campaigns--are crafted. For better or worse, our presidents and our governors are elected as an amalgam. They run their own campaigns. If they depended upon the party structure to run it, they wouldn't win. You know that. The party was not that important in that sense.

Sharp: I know that when I talked especially with Bill [William E.] Roberts about this and Lyn [Franklyn C.] Nofziger, too, that when I brought up the question of the role of the Republican party in the '66 campaign, there was a dead silence.\*

Martin: [laughs] I'm not surprised! No, the Reagan campaign was a citizen effort--within the Republican structure because he ran on the Republican ticket. By contrast, whoever--Brown runs as a Democrat, but Brown ran his campaign and his people ran his campaign. Oh, we did liaison--

Sharp: But I wondered if in speech writing--

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\*See their interviews in Issues and Innovations in the 1966 Republican Gubernatorial Campaign, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1980.

- Martin: Oh, we had liaison with the party people. He was always being asked to appear at functions and there were certain ones that he had to go to and was expected as the party leader, the titular head of the party, that he would go to. He had day-to-day contact with the Republican legislators who were trying in their fashion in the legislature to implement a Republican platform.
- Sharp: We'll talk about that next time.
- Martin: But, no, in terms of the party structure, it just isn't that strong in California. It just isn't that much of a part of the day-to-day operations of the administration.
- Sharp: I think it may look stronger on paper than it does--
- Martin: It is, it probably does, and a lot of people pay lip service to it.
- Sharp: Sure.

#### Speech Writing

- Sharp: Since we're on the topic, let's talk a little bit about your relationship with the man whom you wrote the speech for. I would like to get a sense of what the exchange was like, what you provided, what he did with what you provided, and what actually became the speech?
- Martin: The schedule secretary, Pat Gayman, generally was the point at which the correspondence originated or wound up. It got on his calendar. He had decided to speak at something. She would tell me about it and give me as much lead time as possible. Then I would make a date with the governor to talk about what he wanted to say in that speech, and sometimes we would do a couple at a time. It depended on his schedule and I was very flexible. But we would sit down and have a session. A state of the state message was a collective effort. The same is true for other major projects--like presenting a program to the legislature. The text that goes with that was keyed to whatever the program was. Sometimes he presented it in person and sometimes you just sent it up and presented the back-up speech in another form, which is one of the ways that it is done: "This is the message today. This morning I sent it up to the legislature with my program."

We would sit down and we would talk. This is where my attendance at cabinet meetings and being part of the senior policy-making staff was developed. I was part of the give and take, so I knew (already) generally the broad outline of his feelings on things.



Martin: Say, it was a law day speech. Well, he was expected to talk about a law subject, the importance of the constitution, or the farm program, or water, or whatever.

A lot of times the audience sort of guided what you were expected to talk about just as when anybody accepts a speaking engagement. Generally, like in the oil company, the chief executive is asked to talk about what is the energy situation. They expect you to. That's why they invited you!

Sharp: But what sort of input would Reagan give you?

Martin: He would then focus in on it. Sometimes he had been thinking about it before. He always carried a full brief case and he would pull out something. We would chat about it and he would say, "I want to say this. I think we ought to focus in and I think they would be interested in hearing what we are trying to do about law and order. What is the program that we are trying to present, what are the problems, what are we doing about it, and what are the results so far, if any, and try to get across--"

All of these issues, most of the issues that he is identified with, are very emotional issues and there is a lot of public concern about everything. We have taxes. People are concerned about taxes like the property taxes. There were many efforts and, in fact, he was the first guy to institute broad property tax relief from the state.

Anyway, that's the way we would do it. The governor would talk and tell me the broad outlines and any specifics that he wanted. Then I would get into contact with people for the research, the back-up material, so I would know the numbers of whatever it was that we needed. I talked with George Steffes in the legislative unit or with Verne Orr in the [Department of] Finance to get the nuances of the program and the prospects, and what our stand was, what it was that we wanted to convey. Then I worked that into a draft which I would then give to him and he would edit it.

He was hard to wean away from writing his own! [laughs]  
Gradually you get built up a level of trust and acceptance. I knew the issues and I was the guy that would spot--"Well, no, governor, it's not \$105, it's \$103, or it's \$109 million they were putting in that program." I was responsible for accuracy and that sort of thing. Then I would write it and he would edit it. Sometimes, it would depend on the occasion, he would edit and put a lot more into it than we had already put in.



Martin: But [regarding] the final product, this is where people get a wrong impression of who is the author of a speech. Who was the author of [John F.] Kennedy's, "Ask not what your country can do for you...?" Was it Ted [Theodore C.] Sorensen or was it John Kennedy? And, "Freedom from fear," was that Franklin Roosevelt or was that Raymond Moley who was the speech writer for him? Later on [other] people served the same function. Generally, speech writers in a national administration or in the administration of a major state have to be part of the functioning senior staff because [otherwise] they wouldn't have the background to be able to start a draft unless they knew what the issues were and that sort of thing.

Sharp: How did you get him to trust you?

Martin: It was an evolving process, as he got comfortable. We shared a similar philosophy and I expressed things in the way that he tended to and, like newspaper editorials, they get to the point and they have analogies and he uses stories. We would throw in a couple of jokes or something, warm-up, and that sort of thing. As an after-dinner raconteur, he had a million stories, some from his Hollywood days, some from other days, farmer stories and this sort of thing. He's got a million.

Sharp: I interviewed him twice and I had, frankly, a little trouble getting him away from his stories.

Martin: Yes, I know.

### Shared Philosophies

Martin: He's a natural, Irish, gregarious conversationalist and we shared a lot of common viewpoints. I don't think the dichotomy between the generations, my generation and his generation, was as drastic as is the generational split between those of the World War II generation and the present, younger generation now. There just was a lot more in common. There was a lot longer period of continuity in our national culture.

For instance, I believed that if you were asked to serve, you served in the service. I came from a family of six sons and all of us were in the service in three different wars. We accepted this as a point of obligation. There are certain things one did. One did not break the law, one did not beat up the dean, and one did not throw the teacher through the classroom window. If one did, in my day, one got a visit to the woodshed or whatever.

Sharp: Sharing this philosophy, that would have been really important in your helping the governor?

Martin: Oh, yes, because the things that I advocated as an editorial writer and as a concerned citizen until now and have been active in politics over, to the extent that I could be as a journalist, he was trying to carry out. He was part of the wave that I was in support of.

Sharp: Was that really satisfying to you then?

Martin: Yes, I found a great deal of satisfaction. I guess everybody who has a view wants to see it succeed, wants to see it tried, wants to see it carried out.

One of the things that I had going for me from the time I was a kid, I guess, was I had not only had an opinion about everything, but sometimes two or three! Editorial writing is a very good background to focus in on an issue and on things. I never had any problem running the foreign policy of this country when I was writing editorials day to day. [laughter] I just said what we should do and, "Let's do it." There is a lot more difficulty in carrying it out on an implementation basis, but we were never lacking for a direction to go.

Sharp: Right, even if it wasn't the right one, you at least had one to go in.

Martin: Really, (a more serious note) you are shaped, I guess, by the times you live in. I grew up as a boy in the Depression. I remember the aftermath of it just vaguely, but I remember the trauma that it must have caused in this country psychologically to people.

I was a child in war time. I had three older brothers off in the war. We gathered, my younger brother and I, scrap paper and all this. We did all the things that you do in a war time. Ridiculous as it seems, they had blackout drills in Austin and soldiers were all around. One of my brothers was in the Battle of the Bulge and was missing for a while and that was kind of a trying time.

You go through those periods and that shapes you. I'm sure that is what happened to Reagan. He was a small child, very small, during World War I, but he grew up in the twenties. Then he came to manhood in the Depression. That must have been real traumatic, to come to manhood in the middle of the [Depression]. He was a liberalist, supported all of the things that Roosevelt did.

Martin: I think it was only later in life, and this is where the evolution of the man [Reagan] and his philosophy is an interesting thing and will be an interesting historical commentary--I used to [remind] some of the fellows that I worked with, he (Reagan) also was a journalist of sorts.

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Martin: He [Reagan] had a good gentleman "C" average, he was an athlete, a student leader. He did all of the things that predicated men for success in those days. He became a sportscaster and relatively successful at a relatively young age. Somebody tapped him on the shoulder one day and said, "I'd like to give him a screen test."

I used to tell some of our liberal, anti-Reagan reporters, "If somebody walked into the newsroom and tapped me on the shoulder and said, 'I'd like to give you a screen test,' and then signed me to be an actor for ten times what I was making now, do you think I would hesitate?--the dust would still be blowing here!" [laughter]

So his career evolved out of his acting. He became an actor. But he was always political, too, and always active in union affairs and the industry affairs.

Your whole life sort of shapes you for what your philosophy turns out to be. This is why I think a lot of people are influenced by their parents, by their environment, one way or the other. Now it seems that they are influenced in the opposite direction. But by and large, people are shaped by the events that they go through.

I think some of the guys on our staff, like George Steffes, were in the Korean war. I was in the Korean war. Ed Meese got into the service. I think he was still in college, but he got in at the tag end of it, but it was still the Korean situation. He got into army intelligence and rose in the reserves. I think he got up to be a colonel before he retired. I think he put in a full twenty years. He was an active reservist. So all of us, the whole litany of people there, younger ones--we were products of the Korean war era and came back.

### III ADDITIONAL THOUGHTS ON VIETNAM AND PEOPLE'S PARK

Martin: When the Vietnam war came along, I had a great deal of empathy with the guys who were in the Vietnam war because I can well remember shipping out down here at Fort Mason wondering if the guy next to me on the ship would make it back--how many of us might not. We were not in the same sense questioning or arguing as some of the '60s youth. Many of the Korean war era soldiers did not know exactly where Korea was or the niceties or nuances of why we were going there or whatever. They were going because, for one thing, you would be drafted if you didn't go. They were doing what they were expected to do and holding the line.

It really registered with me when I came back that it was sort of a forgotten episode because there weren't enough of us. We were the smallest birth era. We were the Depression babies, the smallest birth era in the nation's history up to that time, and there was not enough manpower to be able to have student deferments on the scale that they later evolved. They had student deferments, but it was much more limited. You could get to the end of the term and this sort of thing, but there were an awful lot of guys who went simply (because) there was a war on. Our brothers had gone and we were going to go. I can't say that I had any qualms about going and all.

Later on, I became kind of a student of the Oriental situation and the history that led to it and developed some strong views about that. But at the time I would have to say I was probably the typical GI [government issue] of the time. No one had any feelings that you were not going to survive, although some didn't.

But when I came back, I did feel that nobody knew you were gone nor what it is that you went for. It wasn't as severe a thing (as Vietnam), and it was much more of a conventional war. That was a U.N. [United Nations] war primarily and that created some problems of its own which I have some strong views on, too, and the total unfairness, ineffectiveness.



Martin: I agree with Douglas MacArthur, you do not commit troops to an undertaking and take those kinds of casualties without settling something and gaining [raps table] something, and we didn't. We gained only a standoff.

I think the situation in Vietnam was similar...it grew by stages. I don't think at any step in the line anybody ever had any mass Dr. Strangelove-type view that "we'll just feed troops here." It was a legitimate attempt at that time to deal with the situation. I think a lot of things were wrong with the strategies that we followed there. I think more of a total commitment had to be made if you are going to do that. We began feeding them (our troops) into what became a meat grinder, and that is unacceptable to our civilization.

It wore down the French in Algeria, and we had much more of a pure motivation as a society and as a nation. You can argue, and with some degree of validity, that the French were holding onto an empire, a colonial empire, and the British, too. We were not. We were trying to save people. Now, you may say that we may have been misguided, but I don't believe that any of the leaders went in there with any but the purest motives. They really wanted to try to do that. I think some of the decisions that were made about Vietnam were wrong--on everything from what to do about the draft riots to tax policies. I saw the draft resistance evolve in Berkeley, and still being young enough then and having gone through the service myself, I had some strong views--on the principles involved. I don't think you could ever get anybody to agree to go to any war--but [there is] the principle [raps table] of standing up and doing whatever your obligation is.

By the same token, I thought that the country owed it to the men that they drafted then to give them every support, and that's where I think we fell down. But that's what was going on in Berkeley there, the cauldron there...at the time of the '60s riots.

Sharp: Was it really hard to write the white paper--

Martin: On the People's Park?

Sharp: Yes, because it was something that you had felt strongly about?

Martin: What it amounted to was a very extensive reporting job of what happened. First, lay out what it was, what was the background of this, what happened. I mentioned the fellow [James Rector] that got killed. He was always mistakenly identified as a student. The implication, in a broad sense, of that was that here was an innocent student bystander standing there and those grubby cops or National Guardsmen spraying tear gas trying to break up what was



Martin: a mob shouting indiscriminately. The actual circumstances were: he was not a student. He had a police record which is listed in the report and it was only a part of his total police record. His car was parked. He had a disassembled rifle in the trunk. He had an induction coil which is used for wire tapping in the trunk of his car. In the pocket of his shirt was an unspent 22 caliber bullet, the same caliber as his rifle that he had in his car. They found it on the roof top.

During the melee there, when the police were sweeping with the tear gas going on, some of these [were] mainly street people. They were not students. That was the biggest misnomer of all. Most of those kids were not students, or most of those people. They were led by people who had long records of left-wing involvement. Whatever you feel about their philosophy, those same faces showed up as the leaders of all these types of things and then they fleshed out their operations.

But you had a mob scene there. The police sweeping down, tear gas was flowing. People were throwing rocks at the policemen, chunks of metal and nails and things. Here is smoke, tear gas is going off--he was on one of the roof tops along that street there where this activity [was]. The police were sweeping the roof tops to check around to see if somebody was shooting down at them, or might shoot down at them. Some kids for gags were taking brooms and aiming them down as if it were rifles silhouetted against the sky there. If you were a policeman in this kind of scene, what would you do? That's when the shooting took place.

I don't know whether he was one of those. No one does. He was just found on the roof top. But he was not a student. The particular charges that he had been accused of ranged from a variety of drugs, of possession, use, sale, stealing, and the stealing was not just of anything, it was stealing of guns, burglary of guns and that sort of thing.

So the portrait that was presented by the false statement that you would see so often in the media was the simplistic [version that] Reagan called out the National Guard to put down the People's Park riot in which a student was killed. We corrected that with this report because people didn't know who he was. The media didn't know who he was. Well, now they knew. It came out that he was a non-student. What he was doing there, I don't know. No one knows what he was doing there.

At the time that we did that report, the coroner's inquest had determined that he was shot by one of the sheriff's deputies' fire because they were all shooting these caliber shot [guns] that they use in riot situations, or heavy double-0 load for a shotgun, or something, and that's a riot weapon.

Martin: I don't know if you are familiar with guns, but a shotgun doesn't have that much of a range for one thing. It's a riot control weapon in that sense and in that sense, it's a defensive weapon for the policeman with a mob of people coming and throwing things at him, rocks and this sort of thing.

That was the atmosphere in which this guy's wounding took place and then later he died. Apparently the bullet had penetrated a vital organ, the aorta or something.

Sharp: It was a rough time to start your new job.

Martin: Yes, it was but we desperately needed to correct and the governor wanted, to correct the misimpressions that people were having. What was People's Park all about? It had been portrayed and was even portrayed nationally as something [of] just brutal repression of students with legitimate grievances. In the first place, most of them were not students.

A lot of us were familiar with the demonstration problem. That's where Ed Meese was the prosecutor for some of these students. He was a veteran of that, and I was a veteran of the observation part of that from the news media side of that. One of the things that used to really rile me was when the media, especially outside media and the networks were notorious offenders. They'd go up there to the Sproul Hall gates. In those days, as they still do, there would be fifteen or twenty tables passing out everything from women's rights to "save Afghanistan," to do away with walnut trees, anti-abortion, and every other issue.

Someone would be making a speech at noontime there on almost any subject. You would have maybe forty or fifty real followers there saying, "Yeah, yeah," and maybe another couple of hundred walking by would stand around and say, "Yeah, right on," occasionally. The other eight or ten thousand people around were just going to class or going to lunch, watching and wondering what was going on, and yet you would see [in the media] "ten thousand students demonstrated against the Vietnam war" or "demonstrated for this." That's the kind of misconception that was wrongly, in my opinion, laid on the UC and it hurt their reputation as an institution at that time. What you had there, you had a state administration that was law and order, that came into office as dedicated to law and order, because some of the things--[like] the Watts riot [that] had occurred earlier under [Pat] Brown. It was just a different guy, a different approach, a different philosophy in office, and the university reacted in ways that were viewed by the public as wishy-washy. It didn't expel students if they were involved or hold them to a sense of responsibility.

Martin: Most of the people involved and most of the violence turned out to be non-students. There were a few who had some past or even current shaky student credentials. Most of the overwhelming numbers of those that were arrested turned out not to be students at all.

Well, if you want to go to lunch--

Sharp: That sounds great.

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## IV ACHIEVEMENTS OF THE REAGAN ADMINISTRATION

[Interview 2: January 26, 1982]##

Martin: I wanted to show you this.\* This first year really was 1967. Let's see, [Edmund G.] Brown's [Sr.] last year was '66, '67, in the fiscal year the way they are. Reagan's first year was '67, '68. They were fighting with the legislature over every inch of the way in the first year, so there was no significant property tax relief then, but this was when he got started. To give you an idea and maybe make these numbers come alive for you a little bit more, what Reagan essentially did was restructure. I don't know if you remember reading any of the history of the last year of Brown, Sr.'s office. They did some fiscal gimmickry, which has been detailed in many, many books and by others.

In essence, what the state did was sort of speed up the collection of taxes so that they spent fifteen months income in about twelve months and had Brown [Sr.] been re-elected he would have had to raise taxes, which is what Reagan found that he had to do after trying desperately to reduce here and put a job freeze on and reduce employment.

Generally, the first year of an administration is a learning experience where you learn how bad things are, or whatever, or what you've got to do. Then you've got to set in place those things that you want to do to change it. Basically, that was the situation they faced. At that time, the state budget was somewhat roughly \$5 billion. It just about doubled during the Reagan administration, the overall state budget, as everything else did too with inflation and all that.

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\*See table on tax relief on following page. This table was supplied by Mr. Martin during the interview. It had been compiled for the governor's office.

February 1974

## STATE TAX RELIEF DURING REAGAN ADMINISTRATION 1968-69 THROUGH 1974-75\*

(In Millions)

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75	Total Tax Relief
Senior Citizens Property Tax Assistance	\$ 7.8	\$ 7.9	\$ 8.6	\$ 8.3	\$ 59.1	\$ 62.0	\$ 60.1	\$ 213.8
Personal Property Tax Relief	---	48.9	106.7	121.7	134.1	221.9	261.5	894.8
Homeowners Property Tax Relief**	177.5	199.7	217.3	231.6	242.9	651.0	668.2	2,388.2
Subventions for Open Space	---	---	---	---	13.0	13.0	20.0	51.0
Renters Tax Relief	---	---	---	---	---	45.0	45.0	90.0
Refunds	---	---	---	---	---	65.0	75.0	140.0
Tax Credits	---	---	---	---	---	---	---	---
Payments to Local Govt. for Sales and Property Tax Revenue Loss	---	---	---	---	---	---	4.0	4.0
Income Tax Rebate	---	82.1	---	---	---	---	---	82.1
10% Credit	---	---	---	241.1	---	---	---	241.1
20% Forgiveness	---	---	---	---	---	425.0	15.0	440.0
20-35% Special Credit	---	---	---	---	---	5.0	5.0	10.0
100% Credit-Low Income	---	---	---	---	---	---	---	---
Double Standard Deduction	45.0	47.0	49.0	51.0	53.0	55.0	57.0	357.0
Sales Tax Rate Reduction	---	---	---	---	---	355.0	---	355.0
School District Tax Rollback	---	---	---	---	---	229.0	265.0	494.0
TOTAL TAX RELIEF	\$230.3	\$385.6	\$381.6	\$653.7	\$502.1	\$2,131.9	\$1,475.8	\$5,761.0

\* Based on Controllers Report and budget estimates.

\*\*Excludes reimbursement to counties for administration.



Martin: Under [Edmund G.] Brown, [Jr.] it's almost tripled in his eight years or not quite eight years. But inflation has been higher. It was accelerating under Reagan.

I would like to--I don't know whether here would be the proper time--sum up some of the things that I think are important that scholars remember. What Reagan did was a major restructuring of state government that a lot of people said could not be done. What they said [was that] everything was too complex, that you could not reform welfare to bring it under control, under some degree of fiscal controls. I would like to get into in a little more detail when we get to this, just the whole litany of state problems, everthing from education on.

During the Kennedy years unemployment was higher than it had been at any time until recently. The thing that really pulled unemployment out of the major problem category was the build-up of the war in Vietnam. The thing that set the stage for the inflation that we're experiencing now, in my opinion, is that [President Lyndon] Johnson was a guns-and-butter man in the sense that his administration failed to fund the war build-up. I don't believe anyone ever anticipated it to get as big as it did. That's another subject entirely. But be that as it may, they did not fund it with higher taxes or reduced budgeting in other areas. Instead, they embarked on this massive spending spree, which continued into the seventies, of all the social legislation that you hear about, and all of which basically, from an historical standpoint, is funded off of somebody else's back. The next generation or the next half-generation down the line finds itself staring all these fiscal problems in the face.

It is very common in politics, and has been over the last forty years, for one administration to stagger along, patching up here and there, to try to just get by through the next election; patch it up. Very few people have ever attempted major structural changes in government and Reagan did. That's where I think that, for better or worse, his place in history will be achieved. He is right now in the first year of a national administration back where he was after the first year in Sacramento.

Sharp: You would compare it then?

Martin: Oh, yes, I definitely would because he is trying to restructure and put on a sound basis the financial structure of government and how it was financed. That's why I think this run-down on tax relief maybe will help you. All of these figures are detailed in various state budget materials and in a lot of other books that you'll run into but when he went into office and these are facts, indisputable--no one argues that these are the facts--when he went into office, he faced a \$1 billion deficit because basically they spent fifteen months

Martin: of revenue in twelve. When he left office, there was a \$600 to \$700 million surplus, a strong, sound structure, sound tax structure, with built-in growth that would accommodate the growth of government.

It was done in two ways. One [way was] by making sure that the sources were restructured in the sales tax and other taxes? That's detailed in some of the tax packages. In between that time, over this period of eight years, the state generated more than \$5.7 billion worth of various tax relief. At the time he went in there was a very small, minuscule, almost meaningless tax relief program for senior citizens, that's all. At that time, property taxes were just going wild in California, to the point where people were literally being taxed out of their homes. [Consider] veterans, for example, who had bought a home down in San Leandro, say. We used to have many examples of this where a two-bedroom, small, modest home where they now found that the taxes on that structure alone long since had eclipsed their total mortgage payment, and they were paying more than that.

Generally, a man reaches his peak earning years in his forties and fifties. So someone who was working wasn't in too bad a shape, but when they retired they were. Suddenly, they were going to have to pay these ever-mounting tax increases. Property taxes were just totally out of control.

The first part of his tax reform was to raise the sales tax by 1¢ and some assorted other taxes. Those are detailed, incidentally, in some of this material that I'm giving you. One of the philosophic points about sales tax has always been that it's a regressive tax. Well, it's not regressive in California and it wasn't then and isn't now because the essentials of life in California--food, medicine, prescription drugs, rent--they're all exempt from sales tax.

You are really talking about, in essence, an excise tax; similar to an excise tax. The discretionary part of a person's budget that he can control up or down...I think in some of the material that I have passed on to you before, there was a quote from Jesse Unruh about his view of the soundness of using the sales tax--yes, that's one [refers to 1970 "Comparative Analysis"].\*

Jesse was Speaker of the Assembly, a real bright guy, a very able politician, an honorable opponent. He was also a man of his word, too. Jesse was a familiar figure to me because he was from Texas and he operated very much like a strong Texas political figure which in California [laughs] it may have made him stand out a little bit!

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\*See p. 19a.

Martin: In the California political system, as I'm sure you've learned, the party structure is by design very weak and does not have the same degree of power that exists in many other states in varying degrees one way or the other. So a guy who comes on and imposes or acts like a strong political leader of another era soon begins to look like not one of the crowd that you see.

Sharp: What other notes did you make there for our session?

Martin: All right, then when Reagan went into office, the ranks of the number of state employees, the ones under his control [were kept low]. I've seen some disputes, some of these fellows who try to throw darts at him always add up all of the state employees including those who work for the University [of California] and all. But we always compared apples to apples. We took the number of state employees that were under the governor's jurisdiction when Brown [Sr.] went into office and stayed with that same number. The state personnel office generally puts out these tables and that was a comparison. For the first six years, Reagan, instead of having state employee ranks go up at a rate of five thousand a year, they stayed essentially either below, slightly below, or stable. In the last eighteen months of his term, a number of federal programs came into being--CETA [Comprehensive Employment Training Act] was one of them--which, in order to participate in those, it tended to escalate the ranks of your state employees, so that really is not a valid comparison because he kept the ranks of administrative employees that were under his control fiscally essentially stable for most of his term. Through the first six years it was even below a few hundred thousand or so. Most of that was achieved through attrition, retirements and that sort of thing.

I've mentioned, and you have those statistics, his efforts to strengthen the crime laws. Some of those later ran into court challenges and the courts are always knocking [them] down as they did the other day. Reagan's first "use a gun, go to prison" law was knocked out of there. It has been challenged again. So it seems to be a never ending battle to get through, at least in the crime area, some sanitized version of the laws that we used to have, that used to be on the books.

I know that one of the big arguments that we had [was over an effort] Reagan made--we never got it through, or if we did, whatever we got through didn't make it past the constitutional challenges--to have some degree of control on this pornography that has exploded in recent years. To me it seems hard to believe that for two hundred years, from John Marshall on down, the legal minds in this country, lawyers and legal scholars, somehow managed to come up with a definition of pornography that did not violate free speech. What we've done and what we've accepted is this expansion of the definition of community. Community standards no longer mean what community means



Martin: to me. They are interpreted as meaning state-wide standards. Therefore, if it is permissible in North Beach, it is also permissible legally in a bedroom community in San Leandro where people clearly do not want to have the type of adult whatever-you-want-to-call-it.

But I think this also applies on the federal level. The mails used to be the great way of controlling obscenities. You do get into a very difficult tangle of definitions and all, but I just cannot believe that the kind of stuff that you see today, that the lawyers and the legal scholars that we have in this country could not come up with a workable definition that reasonable men and women could agree exceeds a definable community standard. That's a battle that has yet to be won.

But some of the other things in terms of the fiscal area he tried to do. These are facts, indisputable. When Reagan took over, the state did not have a triple A credit rating, the bonds. When he left, during his time in office, for the first time in thirty-one years, they got a triple A rating, and that is important to the state for many reasons. When you borrow money, then it costs less in interest because you have a better credit rating. That over a period of time means millions and millions of dollars of savings on things that are financed with the bonds--water projects, sewer projects, building at the universities, in the colleges and junior colleges. All those things, by having a sound, fiscal base, having a strong administrative control of the government, and having the financial community that puts up the money in the borrowing market recognize that--they don't recognize it if it's not there.

That's why right now Reagan has still got some time to go on his national program because some of the elements of his first-year thing have been in effect all of twenty-two days. So the tax cuts and all, the argument, the philosophical base upon which that change in direction was made, requires some time. You can't change forty years in forty days and it takes some time to take hold.

I think his record at the state level clearly shows what you can do when you go at it with a lot of people and a lot of the best brains around, to go at it in a businesslike manner and take to government an attitude that's uncluttered by a bureaucratic baggage or debts or political debts or anything to this group or that group. I think that his record proves that. He had the better credit rating, he put [in] a sound structure, he reversed the deficit, left a surplus. During the six of his eight years, the inflation rate in the state of California was lower than it was at the national level. Unemployment was better. Employment was high. Unemployment was lower in California despite the fact that California throughout that period had a younger population because the overall mass of the population

Martin: was younger than the nation as a whole, which means that there are more students. Therefore you have more people not available to work and you generate a greater unemployment rate among the very young and very old.

I don't know what happened, but somehow the kind of administrative efficiency that is stressed by a strong governor with an identity as a man who will fight for that and put in, I think in that case he just put in people that were used to management controls.



## V A MANDATE FOR WELFARE REFORM, 1970-1971

### Focus on Loopholes and Abuses

Martin: You wanted to get into the welfare.

Sharp: Basically, I would like for us to talk about the period of the summer of 1970 through about October '71 when the Welfare Reform Act was passed. I just wanted to go over this chronology with you and set it in order. In August of 1970, Reagan announced the appointment of a welfare reform task force. Some of the people who were members were Ned Hutchinson, who was the head of it, Jerry Fielder, John Mayfield, Robert Carlson, Jack Svahn--

Martin: Svahn is now the social security administrator.

Sharp: --Ron Zumbrun and then nine other unnamed people, three attorneys, three financial experts, and three businessmen, all of whom are from Los Angeles. In September, a month later, Reagan gave an important Labor Day speech on welfare reform. He talked about a lot of the things he was doing in terms of welfare reform, like establishing this welfare fraud review panel, like helping counties reduce their supervisory staff in typing up Medi-Cal regulations. Then the task force came back together in November with their findings. In December they began to work with the governor's office--this is what I'm finding anyway. Then in March of '71, the legislative message on welfare reform was given.

I am mainly interested in what you were doing in terms of welfare reform in this period, the summer of '70 through '71.

Martin: That chronology that you described is essentially correct--you have the public dates. Obviously, there is a little lead time involved there. The genesis of the major welfare reform program for which the Reagan administration probably was best known and later delivered to the feds for their enactment really started at the close of his

Martin: first term. For the first couple of years, he was battling to get in place some degree of fiscal control over the situation that he had inherited. He had a welfare program in each of those years, just as he had some small elements of other types of reforms that later expanded into major programs.

Very little got through the first couple of years. Very little got through the Democratic-controlled legislature in the welfare field. Some little things that he could do administratively, he did. He found that going through the labyrinth structure that it was so intertwined with the federal regulations that had grown up over recent years, plus in the times this mass of litigation came about. That was one of the things that was really making it difficult to grab a handle on it because the state in effect was no longer able to write its own regulations for welfare.

Therefore, a state government--in this case the California state government--with the responsibility of running a state program, had no administrative control over it. In effect, it was mandated from above, delivered from below, and the state was just merely to stand there and be the conduit for the money, plus, what had grown up was a lot of administrative overburden you might call it, and one of them I will give you an example of when I get to it.

My role in this was--two of the key guys who I think were the unsung heroes, were Ned Hutchinson and Jim Hall. They haven't got as much of the publicity or the public attention as some of the others.

##

Martin: Ned had a heart attack a few years ago and passed away. But Ned is one of the unsung heroes. He was the chief guiding force behind the welfare task force which put into place the people and the experts who would take a look at the structure and see what could be done to reform it.

Sharp: Who was the other one then?

Martin: The other one was James Hall, Jim Hall, who was a member of the cabinet, an attorney. Jim is probably the chief; I would call Jim the chief architect of assembling the administrative focus for the welfare reform. Other people, like Ed Meese, functioned very much like advisors only at a higher level. He was part of all of these things. As you can see, this was a massive undertaking. It required a lot of work by an awful lot of people, so it was really a team effort. I remember my first brush with the welfare issue was when Ed Meese asked me to go over to the welfare department [Department of Social Welfare] and take a look at some of the litigation problems that they had over there, and I did.

Martin: The thing that struck me was this massive number of people over there. They had all kinds of welfare suits against the state brought up by these poverty lawyer groups. That's a structure of government that grew up during the Great Society years in which for the first time lawyers could tap the public treasury. These poverty lawyers and poverty law centers, there are a whole cluster of them, included some of the bright young lawyers coming out of the thing very much like during Tom [Thomas E.] Dewey's crime-busting days in New York in the thirties. A lot of young lawyers got in to be assistant DAs then. In the 1960s, they became poverty lawyers. The social pendulum had changed a little bit. A lot of these were very bright lawyers and they were going up against either administrative agencies that did not have in-house counsel. Or, they had some overburdened civil service lawyer who himself had grown up in the welfare system and who philosophically may not have any understanding of those who viewed the welfare issue differently in this case. They (the Social Welfare Department) had something like they had one lawyer assigned to oversee about forty or fifty major cases. He was outmanned about seven to one in any one case. His major function had boiled down to merely just keeping a tote board of how many cases that were pending against us, how they had been filed last week, and how many we lost the next day.

That kind of thing was one of the clear weaknesses in terms of getting one of the handles on it, which means turning the tap down just a little bit. These issues were very complex as you can see. In each of these areas where we plugged a loophole or corrected a deficiency, we tried to point out how the law was being misapplied to a situation to pervert the intent of the welfare system.

The classic example were the Social Security amendments of 1967. As always, Congress acts in haste and repents at great leisure. They had some sort of reform of the welfare program, but those amendments created a massive legal loophole through which anybody on welfare could stay on welfare just by having employment at what were then well-paid jobs, or they could get welfare and be on it.

In this case, the example we selected was a woman, a mother with two children, in the San Francisco area who is on welfare and who obtains a job paying \$12,000 a year.\* Now, twelve to thirteen

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\*This example is drawn from pp. 57-58 of "Meeting the Challenge: A Responsible Program for Welfare and Medi-Cal Reform." See pp. 44-64 for discussion. See p. 46a for the complete table Martin discussed, drawn from p. 58 of this message.

\$1,000 GROSS MONTHLY INCOME		Net Income Left For Welfare Purposes
Type of Deduction	Amount of Deductions (\$)	
First \$30 -----	30	\$970
3 of Remaining Gross-----	323	647
Federal Income, Social Security Taxes, etc. <sup>2</sup> -----	242	405
Car Payment (Transportation)---	75	330
Gasoline, Oil (Transportation)----	30	300
Union Dues -----	10	290
Uniforms -----	10	280
Child Care Expenses (3)-----	150	130
Misc. Personal Expenses-----	25	105
Net Income Remaining-----		\$105

<sup>1</sup> Based on AFDC Medi-Cal cost per capita, plus administrative costs, September 1970.

<sup>2</sup> Normal Withholding for head of household with "0" exemptions.

2. The recipient's net income for the purpose of computing her welfare grant is now \$105 per month. The "needs standard" for welfare would be \$338 per month for a family of four in San Francisco.

3. This net income of \$105 is subtracted from \$338, leaving \$233 the amount of money she is entitled to receive according to the family's "need". However, the current maximum cash grant (Maximum Participating Base) is \$221 per month. Thus, an AFDC family of four could have a gross monthly income of \$1000 (mother's salary), could receive

a cash grant of \$221 from welfare and Medi-Cal benefits worth \$1127 a year, could also receive food stamps further increasing the family's purchasing power for food, and the children could be eligible for free school lunches, even though the monthly cash gross income is \$1,221 and the family has no medical expenses. And after all this, the family can still claim it has an "unmet" need of \$12 per month! Ordinary tax-paying citizens are not permitted to deduct many of the types of expenses deducted to increase welfare grants. In effect, taxpayers end up paying not only their own taxes, but subsidizing the payment of federal income and social security taxes for employed recipients under the federal "\$30 and 3" loophole.

#### Gross Spendable Income limitation

In order to reform this outrageous situation, it will be necessary to adopt regulations that place an absolute limit on the amount of gross spendable income the family may have and still remain on public assistance. This limit will be 150% of the "needs standard" set by other state regulations. In the preceding example, the \$1000 a month family would not be eligible for aid, if such a limit were now in effect. Also, it will be necessary to adopt regulations that will place a flat limitation of \$50 for work related expenses and \$50 for child care, but only when child care is proven to be necessary. It is clear that we will require the full cooperation of the federal government in order to obtain desired



Martin: ago that's a pretty good salary. It's the equivalent of about \$22,000, \$24,000 now. This details how that goes about, the deductions that she's allowed under those loopholes. In other words, she never gets off welfare. Merely getting someone a job doesn't necessarily--even a well-paid job--get them off the welfare rolls because what she could do in this case, and here is the calculation that will show you. They've first got to deduct the first \$30 of their income. She had a net income left of \$970 for welfare purposes--for the purpose of determining eligibility. Then she deducted a third of the remaining gross. That's \$323. So she had \$647 left under that. Then she was allowed under the welfare rules--and this is something that no taxpayer is allowed--to deduct for eligibility purposes everything she paid in federal income, Social Security, and state income taxes. No taxpayer is allowed to deduct that kind of thing. If they did, a lot our problems would disappear socially. Then they were allowed to deduct car payments, transportation. Taxpayers are not allowed to deduct that kind of thing, unless they are using it in their business and then it's a business expense; gasoline, oil, transportation costs. The only thing the taxpayer can deduct is the gasoline taxes and that was eliminated at the federal level. Union dues, you can do that, a taxpayer can do that. Uniforms, child care expenses; they can deduct that.

That's very limited in the case of a working mother, and even that has been lately added as a benefit in the tax code. Miscellaneous expense could also be deducted. So it was possible--not only possible, but it was happening all the time--for someone who was on welfare to then get employment, well-paid employment by those standards, and stay on welfare because after you went through that calculation, you had \$105 left of \$1,000 a month income for deductibility purposes, that in effect in considering the lady's application for welfare you would assume that she had only \$105 a month net income. Therefore, her benefit would be based on that. So for purposes of computing the welfare grant, it was \$105 a month.

At that time, the need standards for welfare was \$338 a month for a family of four in San Francisco. So you would subtract the \$105 from that, leaving \$233 the amount of money that she was entitled to receive according to the family's (quote) "need" (unquote). Under the various manipulations of the welfare system or the way that all these things meshed together, an AFDC [Aid to Families with Dependent Children] family of four, that's a mother with three children (three rather than two), could have a gross monthly income of \$1,000 [which would be] the mother's salary. She could receive a cash grant of \$221 from welfare, Medi-Cal benefits worth \$1,127 a year, and food stamps, which would increase the family's purchasing power. The children would be eligible for free school lunches, even though the monthly cash gross income was \$1,221--all of which was tax free, unlike taxpayers because the taxpayer paid



Martin: the lady's taxes in effect. She would have no medical expenses and after all that the family of four at that time could claim that society was not meeting a need of \$12 a month, and that's the kind of thing that these loopholes were creating.

The thing that made that such a distortion of the intent of the programs was that we had working mothers of young children, who were secretaries in the governor's office who didn't have that kind of income who helped put this book together. That's the kind of thing that people cannot see until you take the time to delve into a subject and find out where it went wrong.

In all of his public utterances, I think Governor Reagan--President Reagan--has always expressed a great sympathy for those who he defined in the classic phrase "the truly needy." In other words, people who, for no reason of their own or for the fact that they are young or old or disabled or temporarily out of work, those kinds of people should be helped. That's what the welfare system was for and it was designed to eliminate the demeaning bureaucracy that it had become.

One of the things that I found in my preliminary investigation and that I delighted in recommending be eliminated, and it was as soon as we could do it, was financing graduate studies for social welfare workers through grants and scholarships. At that time, the welfare rolls were growing at the rate of forty thousand a month in California. The numbers of welfare workers were growing proportionately, and the number of welfare workers' supervisors. They had little, nice, neat, little categories of every floor having a supervisor, every four supervisors had a co-ordinator, every five co-ordinators had a facilitator, and ad infinitum.

This growth of the administrative structure of welfare was not only a perversion of the law, it was something even more basic, and this is the thing where the state under the previous administrations had taken on the job of financing the advanced degrees for social welfare supervisors, graduate degrees. We weren't giving doctors scholarships like that. That might not be a bad idea. I think that we should have some sort of program for doctors and I think they do have something. We may need X-number of policemen. You project down the line. At that time, I think the educational crunch was just beginning because of the use of birth control and other changes in the society's life style were having a great impact on school enrollment, as I mentioned in our last meeting.

What they (this philosophy of welfare) were saying was that thousands and thousands of people would continue to get on welfare every month, every year. Therefore, we would need X-number of social

Martin: welfare workers to certify them, and carry out the administrative [details], and they would need X-number of supervisors. Therefore, we should finance the graduate education of social workers.

If you accept that premises, in the first place, it would have cost 100 percent of the state's income long before you could have done it. They had the same kind of projections for educational costs that the state would have to meet. It couldn't happen mathematically and it didn't happen because many things were happening to make it not happen, the tail off in the population. You have to remember at this time we had a little recession in the seventies, but most of that time unemployment was around 4 percent nationally and even lower than that by a few tenths of a percentage point in California. There was virtually no unemployment at that time because we had the build-up in the war in Vietnam and the economy was humming. California particularly was growing very fast compared to other parts of the country as it has since.

So what that was saying is that you are betting that our society would fail, that we were going to have this unending retinue of welfare recipients. Then there had to be the workers to handle them and then there had to be the supervisors to handle the workers. It was the kind of philosophic distortion that can occur in one party, when one philosophy is in power for a long period of time virtually unchallenged in terms of effective opposition because the Republicans, who are people who were more fiscally conservative, simply didn't have the power to do anything about it.

Near the close of his first term, the cabinet and Governor Reagan decided, after examining what we had at that point, that the system was out of control and that patchwork, band-aid type things couldn't work because no sooner do you get them in place than they are legally tossed out.

One of these welfare rolls that we challenged, and the subject of one of the suits, was this matter of residency. I personally think that a reasonable residency law is as necessary for public aid programs in terms of the local government that is expected to provide that aid, as is residency for being a citizen or for voting or for anything else. I think a reasonable length of time is very proper there, too, and especially voting. But at that time there had been a court ruling on residency. We tried to put in force a residency rule. I forget whether it was six-months or something--some reasonable degree. The [United States] Supreme Court, in effect, undercut the legal places through one of these various rulings. In other words, the courts declared you could come to the border between Nevada and California, stand with one foot on one side and one on the other, fall over westward, and before you hit the ground you were eligible for welfare in California.

Martin: That's an exaggerated graphic picture of the utter inability of the state to have any degree of control over the people moving to California because we did have more generous welfare benefits. That generally is the result of the fact that we had a higher level of economy in this state, and have been ahead of the country, the rest of the country, for many, many years.

We also have a much higher cost of living here than these other parts of the country, too, and that is one of the reasons for it. But someone who lives in a Southern state where the cost of living is lower might look at those sheer dollar terms and say, "Gee, I can live pretty good on that." They find out, tragically, that the difference in the cost of living more than makes up for the difference. I'm not saying that the South--other states--have perfect welfare programs. I don't think any state has a perfect welfare program, nor do I think they ever will have a perfect one. This is the kind of thing that you have to keep constantly fine tuning, but that generally was the background at which point that we come to this area where we find that--so the decision was made. The task force approach worked well. The kind of freewheeling--trying to develop programs in other ways--did not work well.

Sharp: What do you mean by that?

Martin: By that I mean trying to not take things one project at a time. Welfare is one, tax reform is one, the structure of government. The reason why Ned Hutchinson got the assignment, one of the main reasons, was that Ned had headed the governor's task force on management of state government.\* They came up with something like 1,750 recommendations, different ways of purchasing and that sort of thing, and ultimately about 1,500 of those got enacted in one form or another. Ned, at that time, was the deputy director of the Department of General Services which is sort of the housekeeping, purchasing agent. But he had instituted a lot of things like joint buying where you could make bulk savings and that sort of thing. He offered that and expanded that for various units of government so that they could take advantage of it, too. We had found in those early days that different agencies of government were paying different prices for typewriters. For example, one would pay \$500 and the other would pay \$300.

What you did in effect was make public purchasing a sort of a bulk joint effort where you could get the best bids, the best cheapest price. Everyone knows the advantages of bulk purchasing. That's part of almost every part of life.

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\*This was the Efficiency and Cost Control Task Force.

Sharp: Mr. Reagan thought that Mr. Hutchinson would bring that same economy--

Martin: Yes. Ed Meese was a key factor in this.

### Second Term Plan and Planners

Martin: I mean it was the decision to go at the main problems and we had a meeting. This thing [task force] was underway, but we had had a meeting, a strategy meeting, for what we would do, the main goals and objectives for a second term.

Sharp: When was this now?

Martin: The meeting was held the day after Thanksgiving of 1970. But Reagan had this program of various reforms in checking welfare. This was going to be one of the main elements of his second term.

Sharp: You had, from what I remember you telling me last time, the task force recommendations by then?

Martin: Oh, yes, we had the task force recommendation. It was publicly announced on that date in August, but the task force actually started three or four months earlier than that when Ned got the assignment and started putting together the team and that sort of thing.

Sharp: It was actually Mr. Meese who asked you to go over to the department?

Martin: Yes, that was one of the early parts of it. I suppose that was about the time that Ned was beginning his preliminary state work, too.

Sharp: Were you functioning as a research assistant or something else?

Martin: No, my title of research was really kind of a misnomer. I did do research but mine was more of an operational function in putting material into place. For example, the research that was done on these programs required an awful lot of expertise. [laughs] I had too small a staff to do the research. That was the role of the task force, to bring together all of the people in the functional areas and then have a representative of the governor's office and the various administrative functions or areas where it would be undertaken, plus the outside people, and they were very important in many of these.



- Martin: For example, without getting off of the subject, Milton Friedman was on the task force for Prop 1,\* was a member of that along with a fellow who is now on the Council of Economic Advisors in the UCLA School of Economics and Business down there. C. Lowell Harriss, Professor of Economics at Columbia University, was one of the advisors on that.
- Sharp: So the outside members of the task force on welfare reform, you cite them as particularly important, too.
- Martin: Yes, they were important. I'd like to take some of those names that you have. I mentioned the legal structure, the legal attacks. This was where Jim [James] Hall came into play. Jim is the kind of a guy who gets things done. He's an administrator, he's an attorney. He never has wanted to be an up front politician or political figure, but he was a darn important--I think he was a key man. He originally came up as superintendent of banks. At that time (1970), he was asked by the governor to move over to Welfare from Business and Transportation [Agency] secretary where he was the cabinet officer and generally dealing with the business and economic issues of the state, the business climate and that sort of thing, all those things with which he was very familiar. He was asked to undertake this welfare reform and be the secretary of Health and Welfare. He and Ed Meese worked together--but Jim Hall was the prime mover--in getting the recommendations, pointing out the areas of abuse, and what we needed to do about them. What we needed to do about it had to come later because that was Ned's function. Ned did that and then he stepped back into his role of moving on to another area.
- Sharp: How about this Thanksgiving [1970] weekend meeting then?
- Martin: After the election, the only reference Reagan had made to the welfare thing was that we had a task force working on it. But he deliberately did not make welfare the major issue during the campaign. It was a part of the overall thing.
- Sharp: Because he wasn't sure how it would turn out?
- Martin: We weren't sure--well, we wanted to see what we could do and what we had. No, it was a problem that we wanted to get a full picture of first and what could be done about it.

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\*This was the Tax Reduction Task Force which worked in 1972 and 1973 to develop ideas for tax reduction. This task force assisted in creation of Proposition 1 which Reagan placed on a special ballot on November 6, 1973. The proposition called for a constitutional amendment to limit taxation. It failed.



Sharp: So what happened over this weekend?

Martin: Okay, we had an all-day session in which we laid out the program for his second term, what he would attempt to achieve, and this was a major element of it; this, carrying forward the tax reform that later went on, a program for controlling crime which we put partly into place. But the welfare was clearly at the top of the list to get that into place.

Sharp: Why was it at the top of the list?

Martin: Because that was what was unbalancing any kind of financial structure that the government could see. Nothing that you could do in terms of saving on office expenses or this sort of thing could absorb the costs that were going forward, and it wasn't just the cost. That was a major, and in fact ultimately the major reason. It's the same thing the federal government faces today. We cannot go on spending more than we are taking in. We've been doing it at deficit financing at a cost of building a lopsided economic structure where debt--where it became profitable to be in debt. Any economist or anyone who believes in classic economics knows that what goes up has to come down and the law of gravity and all of the other classic laws, the fundamental laws that man cannot change or repeal simply by waiting in line. You and I cannot go on spending more than our income and the state could not do it even more so because the state government had a prohibition against debts. They were not like the feds. The federal government does have the flexibility and the capacity in times of emergency--to have a deficit. They have been exercising that capacity every year for thirty-seven out of the last forty years and they've gone further and further into debt.

In effect what you are saying is that you are not facing up to the problems that you have. Instead of adding forty thousand people per month to the welfare roll, how about adding thirty thousand to the work rolls where they can contribute to society and add to the growth?

Sharp: People at this meeting were pretty much in agreement that welfare should be the number one--

Martin: Oh, yes, oh, definitely yes. We had battered our head against the [wall] in trying to solve little pieces of it, and we found that that approach didn't work. You are unable to get a full picture of the welfare program; how the interaction, the legal interaction, between the federal mandated regulations interplayed with the state regulations, and then how the counties administered it.

Martin: Clearly one of the things that was needed was better legal advice because the state was losing [court challenges]. There had been this great growth of poverty law firms, very well run operations. I think they are unconstitutional myself because I don't believe that the government should pay others to find out how to undo government's own programs. I don't believe that the government should finance the destruction of its own regulations which are designed to protect the taxpayer and the public interest.

This was being done because some of these lawsuits would attack a narrow legal area and then through interpretation that particular legal loophole would open up wide--the Social Security amendment proved and there were others--the residency requirement, the man in the house assuming the role of spouse (they call it the Mars program), that was attacked. What we were failing to come to grips with was the fact that there were people who were not only willing to abuse the system they were doing it. They were willing to distort the welfare program, including people who were working in the welfare program itself. In Alameda County we found several hundred people who worked in the welfare department who were on welfare themselves. One would sign up the other one and they were experts in the system, just as someone, I suppose, who works in the IRS [Internal Revenue System] becomes an expert in taxes and then he goes out and hangs a shingle up and becomes a tax consultant. [laughs] But that's another problem.

So one of the first things that Jim Hall did was to recruit a team of lawyers and Ron [Ronald] Zumbrun was one. These were lawyers who were already in the government, but they were not in welfare. They looked at programs as a legal problem and defended the interests of the state government, or the entity, and by extension the taxpayers or the society, or whatever you want to call it. But the welfare department was not equipped to fight when they were challenged, when one of their rules was challenged, something that the legislature had provided for--regulations, designed to keep a program in control and make it run well as best you can, when that intent was perverted by a lawsuit, it was inadequately defended against and that's where the basic problem was.

Ron Zumbrun became one of the experts and he became a deputy secretary for welfare. He was with Pacific Legal [Foundation] and he has now moved on to other things. But Ron came out of the Department of Public Works. Some of his other attorneys that they recruited, they were fellows who were good lawyers, they were fine lawyers, and so instead of losing welfare cases, they were able to draft the regulations and defend them. They won fourteen out of fifteen major suits that were brought against them.

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Martin: These men, they were used to dealing with clear-cut legal issues rights of way, contracts, this sort of thing--whereas the whole thrust of the poverty lawyer was to use the judicial system to superimpose their philosophy of welfare, which was open-ended welfare, on the system and have the system finance not only the welfare program but their fees as well.

Sharp: Reagan's appointment of Jim Hall and Ron Zumbun to the Department of Social Welfare--

Martin: Jim Hall was appointed and he appointed Ron Zumbun and selected Ron and recruited him.

Sharp: But these appointments were meant to help implement--

Martin: The welfare reform, yes.

#### The Legislative Message

Sharp: Now, how did the welfare reform task force recommendations in there get into the legislative message that you authored?

Martin: The final form?

Sharp: Right.

Martin: They had the overall task force and then they divided it up into the various categories. As you will see, it's kind of divided by chapters.\* Basically, all of this welfare jargon had developed and evolved over the years where it was very difficult for the legislature, for example, looking into welfare, to cope with the complexities of the regulation. This was at a time that welfare abuses was what you were hearing about, and they were there. A lot of times they were legally there because you couldn't do anything about it, even though it was clearly wrong and not the intent of the legislature. They divided it up into various categories, the legal categories, but subdivided that into the various categories which the welfare system was then structured, the flat grants, equitable apportionment. Let's see, what are some of the others?

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\*See "Meeting the Challenge: A Responsible Program for Welfare and Medi-Cal Reform," Reagan's legislative message submitted to the California legislature, March 3, 1971, p. 58. This pamphlet is a document supporting this interview, and is available at The Bancroft Library.

Sharp: But how did you make all of that into a speech that was palatable?

Martin: First of all, you have to translate what this means--in-kind income, definition of unemployment. What this was an effort to do was to take the problems that they had identified in the various subgroups, lay them out as the way--[referring to legislative message] this one was on developing stricter welfare. This was the eligibility standards and this is the major things that we found wrong with how they arrived at deciding whether someone was eligible. And that's the key point, really. One of the things they found was a kind of an administrative absurdity in that they still had this requirement that someone who was on welfare by virtue of the fact that he was over sixty-five and/or disabled and/or blind still had this regular visitation from a welfare eligibility worker, not a person who might be looking after other kinds of needs. In effect, in the case of the old people, [someone was] dropping by every thirty days or two months to see if you are still getting older, if you're growing older, which is an absurdity.

We were partially successful, not totally successful in implementing this, but one of the goals was to eliminate those categories of people from any further meddling. Once their eligibility was established by virtue of the fact that they were over sixty-five, could not work, and had no means of support, they would then be put on an administrative structure similar to Social Security where they would get their check once a month. There would be an effort made that the only check made would be if they happened to pass away, then to take them off the rolls which at Social Security, they are even having trouble doing that.

The other thing was to automate the system. If a person was on welfare because they were blind and the condition was not correctable, then they would be in a separate category and there would be no further administrative meddling into that case to determine [the eligibility]--just to provide a job for some social worker or eligibility worker to go around and ask, "Are you still blind?" or whatever.

Disability was a different category. Disability was beginning to get abused then, just as it has been abused under the Social Security definition of disability--where [the fact of] being nervous when forced to work can qualify you for disability. [With] a lot of people, unfortunately in our society, work makes them nervous and regular work makes them even more nervous--but they are qualified. That's why, when you look at that and you find people who are by any reasonable criteria able-bodied and yet are drawing benefits, what that really means, when you turn that around and translate it, is that there is less money for those that really need it and/or sometimes both. It means that taxpayers who also need their own income to meet their own needs are being overtaxed to support that kind of



Martin: thing. That's why the definition of unemployment, college students on welfare rolls, residency requirements, aliens on welfare--are such critical matters. We found people who were living in foreign countries on California welfare. They used to have a package of forms, sending Medi-Cal, to get your Medi-Cal in other states, other countries even, chargeable against California.

That gets you into a real absurd situation in the way that the legal system dealt with the problem of eligibility. If you are drawing California welfare because you are a resident of California, you should be ineligible when you cross the state line.

The Medi-Cal reform is a whole area that involved uniform standards, basic services. The federal program has discovered, as every insurance program discovers, in order to have an effective health insurance or help insurance, whatever you want to call it, you've got to make sure that you cover the basic, fundamental things, the life and death, the basic things, and then the plastic surgery and all of the other additional things can come into play. But the basic things have to come first. They had to convert the providing of supplemental benefits, some of the problems, maximum federal financial participation. Many of these problems were compounded because the state program has to mesh with the rules that are laid down by the federal government and in many cases they didn't and still don't. We haven't got a uniform structure.

Sharp: What was Mr. Reagan's input on the legislative message?

Martin: Oh, he was the prime contributor in terms of philosophical thrust--he wrote in the introduction and his message. He participated in a lot of these work sessions at the cabinet level where we were debating concepts rather than such technical jargon as maximum participation base and the fine points of the bureaucracy or the rules. He didn't bother with that because that wasn't his function, but the problems were laid before him: this is what we are trying to correct. We are trying to correct a system that permits someone who is working for the welfare department to also be on welfare!  
[laughs]

Sharp: But when it came to the actual writing of the legislative message, what was his input on it?

Martin: He was the editor, edited the--

Sharp: It was a matter of you yourself coming to him with a draft?

Martin: Right. In this case, this was a total team effort. I did the final editing, writing.

Sharp: Of that document?



Martin: Yes, of this document.

This was the overall legislative message that I suppose you would call a generic description of the problem. But this was augmented by a whole wad of implementing legislation. That also involves the lawyers and the legislators working with our legislative sponsors. You can take the Sermon on the Mount or the Ten Commandments, run it through the legislative process, and it would have to be that thick [gestures several inches] because they had to mesh that with all of the appropriate laws. You've seen some of the bills. The effort to implement a lump sum payment requirement or whatever definition, that has to go in section such-and-such in the Health and Welfare Code.

Sharp: I have a couple of questions. I understand that some people in the governor's office weren't too optimistic that this was going to--

Martin: That we were going to get it through?

Sharp: Yes.

Martin: Hallelujah! [laughter] Exactly.

Sharp: Because you were asking for pretty dramatic things.

Martin: We were asking for the most massive turning of the corner that had ever been attempted up to that time.

Sharp: What did you think? Did you think it was going to work?

Martin: I thought it was a good law. I thought the times had demanded it. I felt that we had public opinion on our side, especially if we could translate it. But I was looking at the numbers in the legislature and we didn't have the numbers.

Sharp: Did Reagan think that it would work?

Martin: He thought it would work. He was the most optimistic of all.

Sharp: Why was he optimistic?

Martin: Because he's a determined guy, that's why. Some of these abuses, when you discover them, it's just outrageous that this kind of thing can go on and you cannot believe that anybody would not want to correct it and he brings that approach to the problem.

Sharp: He brings that conviction to it.

- Martin: Yes, he brought that conviction to it. He thought it was a good thing and he thought that if enough people knew about it they'd support it. Basically though what you are talking about is turning around the movable part of the legislature. There are some people at philosophic poles, whether they are Republican or Democrat, you could never be too conservative for the extreme conservative and you could never be liberal enough or open-ended enough for the extreme liberal. But most of the legislature falls somewhere in between and that was where the power battle was fought, in between the poles.
- Sharp: In your talking to me about the changes in welfare, the reform of welfare, what you are emphasizing to me is the abuses.
- Martin: Yes, and maybe I'm not emphasizing other things enough, too--because it makes a dreary commentary but it is reforming that massive bureaucratic structure. I am concentrating on the abuses because it is only by correcting those kinds of abuses that you could bring the costs under control and therefore have a more predictable welfare load. As I mentioned before, they never had much of a problem in planning the financial support for the blind. You can predict the ratio of mentally retarded in terms of the population, demands on state services and that sort of thing. You couldn't do that with the mentally ill category. The advent of tranquilizers and other things affected the mentally ill population--the impact of this drive to have community mental health programs, to protect the legal rights of the mentally ill. Prior to the scaling down of the large [number of] mentally ill--the state hospital system was a vast system, about half of which was really antiquated World War II-type structures. A lot of the patients were old people who had an average commitment time, their time in court for commitment was four minutes!

That was an abuse that was spotlighted by the concern about their legal rights. No longer could you, just because a person was old and maybe a little bit eccentric, classify them as mentally ill for life and then ship them off to a warehouse, a state hospital. That's what was happening, and that was the bulk of the mentally ill population. A great part of it was simply people who were old and may not have been what some people regarded as 100 percent non-eccentric, but certainly couldn't be classified in any of the definitions that the medical or the legal fraternity would classify as mentally ill.

All of those things had an impact and, by the same token, so did the welfare abuses. Each one of these little areas where there was an abuse opened the doors wider and made the welfare burden more. So it was an effort to get the cost under control, it was an effort to correct the abuses, it was an effort to direct the money that you had to improving the grants of those who were left on the welfare program.

Martin: I don't know that anyone has ever claimed that people live opulently on that other than some of the outrageous situations that you find in it. According to the rules of Medi-Cal for example, every girl going to Mills College or Stanford was eligible for Medi-Cal if she took the steps to get eligible, i.e., by getting pregnant. Then she didn't have to tell her parents if she didn't want to because this was after the eighteen-year old adulthood.

You really get into some very difficult ethical [issues]. The state is pushed into a position by the impacts of these various programs where you are denying parents the right to know whether or not their daughter is pregnant. Then the girl can get on welfare, not because of her own needs, because she is not needy in any sense, but the child, the unborn child, is needy under the classification. It's that sort of rigid definition system that leaves no room for looking at the facts of a case and saying, "Yes, this is true but, she is the daughter of a fellow who is well-off, and whose parents would not want her to be accepting that or be on it if they knew about it.

This is a problem that in the case of pregnancy has always been with society. I suppose it always will be, but you cannot divert monies that were intended to meet legitimate and very difficult social problems, and let it be frittered away or claimed by those who don't really need it and who are abusing the system by doing so.

Another abuse is, I know I've even had arguments with some people in the administration and I feel very strongly about it; I don't believe that college students should be eligible for food stamps. I don't think that the food stamp program was intended as a scholarship; it wasn't. They had a great number of students on it. And there was a corollary. You were in college in those years, and I'm sure you've heard of and seen food stamp abuses. The food stamp program grew from about a \$340 million a year program with a very laudable intent, to improve the diet of elderly people and others, and it grew and grew and grew. Now there are thirty million people on it. It's now billions of dollars and it's not that some of those people--millions of those people--should not be on it. I mean they are entitled to it under the rules, but a lot of them are not, and it's those that should not be on it. This cannot continue because the country could go bankrupt because you have added a number of these programs together, gotten out of balance and you can't meet anybody's needs.

Sharp: I'd like to get you back to talking about the period after the welfare reform message was given.

Martin: Oh, okay. Actually, that was leading up to the point. The last major work on this was done on a Sunday night. Well, we ended it about 3 a.m. on Monday morning with Ed Meese, Jim Hall, me, Tom McMurray who has since passed away, Ned Hutchinson, Ron Zumbrun. It was about thirty or forty people, each of whom contributed to it. My role here was editing, putting it all together. But as you can see, there is a massive amount of analysis and work that went into each little element. Beyond that, there is a lot of the formal legislation, implementing legislation, which were in the form of amendments to the [Health and Welfare] Code sections and that sort of thing but which, for the purpose of coherence, were separate documents rather than this.

We finished this--we worked--Ed [Edwin] Gray, who is now with the president, was then the press secretary. We worked all the whole Saturday night, twenty-four hours before this was given, and then we all convened that Sunday afternoon about 2 and worked straight through to about 3 a.m. on Monday morning. This was due, I believe, on a Wednesday. Yes, it was due at the printer on Monday at 10 a.m.

So we had the final document. This was the culmination of the seven months of work by several hundred people in various [areas who] contributed to this, all of the analysis and that sort of thing. Once having submitted it to the program, then we would turn on the efforts to get it carried out. We made welfare reform a priority of the administration, so obviously the governor's speeches were heavily--where he had an audience--pushing for welfare reform.

Sharp: Did you assist him in working up those speeches as well then?

Martin: Oh, yes.

#### Resistance and Negotiations

Sharp: How did the administration begin to deal with the fact of a Democratic legislature to implement the welfare reform?

Martin: By that time, we had had the people [like] Legislative Secretary George Steffes and--

Sharp: John Kehoe?

Martin: John Kehoe, yes, yes. George worked on this very hard. He was one of the presiding sub-chairmen of our post-Thanksgiving meeting. He laid a lot of the ground work there and John Kehoe (later legislative



Martin: secretary) was then over in, I believe he was in Alex Sherriffs's group with education.\* But the whole staff was sort of marshalled in one degree or another on the major projects. But we had had four years, almost four years, of dealing with a dominant [Democratic] legislature.

Sharp: It was split between Democrats and Republicans.

Martin: Well, you had Democratic control and organization. We only had a seven-week period where we actually had a forty-first vote in the [1969] assembly when a guy named Alan Pattee, an assemblyman, was killed in a car wreck. He was the forty-first vote and we never again achieved a full controlling vote. We had organizational control for a two-year period, but that two-year period was then ending, and in '71 we did not have organizational control. Bob Moretti was the speaker. Moretti being a new speaker, there was a certain period of getting adjusted to working with him.

Sharp: How would you talk about the administration's attempt to deal with the fact of a Democratic legislature on the issue of welfare reform? What happened? What did they do?

Martin: There was a great deal of resistance, the partisan resistance that you usually have. They always try to portray, and always have tried to portray, Reagan as an ogre with horns who was trying to unplug somebody's oxygen tent. In a partisan sense, they continued those kinds of attacks. Guys like John Burton and others who don't believe that there should be any controls whatsoever and [do believe] that any type of regulation that attempts to put any fiscal control on a program is wrong. This was a philosophic difference.

But Bob Moretti didn't fall into that category. Any speaker, anybody who has a responsible leadership position, sooner in his career [rather] than later comes to grips with the fact that there is only so much money to go around, and that there is a painful political discipline that comes into play, meaning you either have to raise taxes or you have to run an efficient program.

There are many people who say that it's okay to raise taxes as long as it is not mine, or to do it on that guy or this group or that group. You are always having certain people who will refuse to take a look at the whole picture and say, "Okay, we'll just raise

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\*Kehoe was an education consultant through 30 December 1970, at which point he became legislative assistant to Governor Reagan. Steffes held this latter position until Kehoe came into it. Steffes then assumed the position of assistant to the governor and director of programs and policy.



Martin: taxes on that guy, raise it on business"--forgetting the fact that business, if the taxes are raised on them, simply move somewhere else or have to reduce their own operations, which reduces jobs, which compounds your social problems.

Most of the legislators soon become aware that there is a need to co-operate.

There are a lot of people, citizens on the street, I don't know what their picture of the legislative functioning is. This is one you ought to go over with George [Steffes] because he is an expert on it, on telling how you get along [laughs] with an opposition legislature. In his case, you spend a lot of long hours and you look like you are always overworked and sleepy because he was constantly massaging and persuading and cajoling and handholding and everything, trying to put together the majority needed to pass whatever priority item was on his agenda that day. Bill [William] Evans took over, worked with Kehoe for a while, then Bill had to leave.

Sharp: He was Kehoe's assistant?

Martin: No, he was legislative secretary because John Kehoe went over to head the Department of Consumer Affairs during--

Sharp: In '72.

Martin: Yes. I guess I was looking at one of your staff rosters like you had there and, God, I was amazed that three or four of the guys are no longer alive. Bill Evans was a young guy. His wife, tragically, had a disease called lupus and died and left him with a nine-year old son, and his father was paralyzed or something, and Evans went back to San Diego to raise his son. A couple of years ago--his son was then sixteen, fifteen or sixteen--they were flying a little light plane together and crashed and it was just really tragic.

Sharp: They both were killed?

Martin: They both were killed, yes. It was kind of uncanny. I was looking at one of those rosters--not the one you have, but another one at a later date that still had some of the names--and the first three names on this list were guys who were no longer alive who had died in one way, either a heart attack or accident; all relatively young guys.

The actual getting along with the legislature was a combination--it always is--of the administration, and this is true whether it is the governor or the president, laying out his program and many

Martin: supporting arms of that. His own speeches, his own appearances are sort of keyed to that. We had programs of acquainting the press and the media with that.

Having been an editorial writer, I knew what the editorial writers needed. They needed to know, in an objective way, what it was that we were trying to do and this was where some of this research came into play. One of the things that you have to do when you are passing on information is to achieve credibility, and that's why we always used the documents that were available. The only problem with most people in trying to understand it [is that] they just don't have access to all of the information that there is available. There is just no way or correlating it and putting it together.

I know many reporters get this; I know many editorial writers get this report from the attorney general and never read it.\* I mean few people can read it. But when you are trying to achieve something and you are keying your program, then you point out--these numbers all came out of [A.] Alan Post reports. They were analyses that were available to the legislature, but were not necessarily available to the media who formed opinions based on just the partisan attacks that you might see in a press release. This legislation was an effort to acquaint them with it and then if they wanted further details, then they could go in their own way.

I know when I was writing editorials or as a reporter, the press release or handout we called it, that was only the starting point for a reporter.

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Martin: In these programs, I think that most of the people were aware. In the case where you asked how we got along with Moretti, one of the things [we had] was the governor's skill at speaking and particularly his ability to get on TV to dramatize an issue. That was a very important element. His skill as a communicator was his strongest weapon and still is, even in his present job.

One thing I can recall when we were trying to get a budget one time, [part of] this annual budget battle that they go [through]. They have this deadline that they are supposed to meet and if they don't meet it, you can't undertake any payments of any kind.

A lot of times that's just a holding up of the governor for some political reason. It's a sort of a stare down. So we were prepared and we had his remarks all made. If they didn't have the

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\*See p. 20.

Martin: budget down and complete action in it, we would have to stop payments as the constitution under the law [said]. The attorney general who was then a Democrat advised us we had to do to such things as [stop] the milk truck going to the home for the blind--every state function that had to [go on]. You couldn't accept contracts. You couldn't do anything that implied payment or contract making when you lost the fiscal authority.

Contemplating the specter of Governor Reagan going on TV with this kind of a message, they decided that they would come to an agreement.

To some extent, that's the way the negotiations were with Bob Moretti who came up through the hard-ball politics school. He was a disciple of Jesse Unruh. He proved to be a guy that you could work with.

We had strong partisan differences. I don't mean to imply that we didn't at all, but a lot of people, a lot of lay people, and this is true in the Republican party and the Democratic party, get the impression that when you get into the legislature or anywhere where there are some Democrats and some Republicans that you are always standing and throwing rocks at each other and it really just isn't that way. [tape interruption: telephone rings]

## VI EFFORTS AT TAX REDUCTION AND REFORM: RESEARCH ISSUES

Sharp: I talked to you a bit about the issue of tax reform and I sent you copies of these papers. I'm not entirely sure what they are, but they seem really interesting.\*

Martin: Okay, this is the kind of material that when the governor would propose anything, he would immediately be attacked by the other side or by a lot of legislators denouncing this as no good or whatever. Basically, these were little analyses of the various competing tax reform bills. That's another area of the legislature that is interesting because it is a commentary on what I think is one of those things that is wrong with the whole structure of politics. The way we go about it is that everytime a guy gets elected to city council, he immediately begins checking the time schedule for Washington for when he can schedule his inaugural. Everybody is always looking at the next rung on the ladder. [pause]

Moretti was planning to run for governor--he was positioning himself to run.

Sharp: Is that what some of his tax programs are?

Martin: Well, the Democrats generally had a (quote) "tax program" of their own, structured quite differently a lot of times. This is not meant [to criticize] George Moscone, but he had a lot of these candidates, potential candidates for governor. There are jokes that say there are 120 legislators and 119 of them are potential candidates for governor. But seven or eight or ten or twelve were definitely, and

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\*See p. 19. Also, "Guaranteed Tax Increase vs. 'Pie-in-Sky' Tax 'Relief' Promise," another tax reform analysis authored by Mr. Martin, dated April 5, 1971, and reproduced on pp. 66a-66e with permission from the Hoover Institution.

Points Against Gonzalez-Moretti Tax Increase Program

GUARANTEED TAX INCREASE VS. "PIE-IN-SKY" TAX "RELIEF" PROMISE

1. It would guarantee \$1.4 billion of tax increases, including 12 per cent income tax surcharge, additional sales taxes and higher "in lieu" property taxes on motor vehicles; but the so-called "tax relief" has no guarantee whatsoever because there are no expenditure controls.

NO MEANINGFUL RELIEF FOR FARMERS

2. Taxing land only would discriminate against farmers and could drive more farmers out of agri-business, a \$16 billion a year industry in California. This could jeopardize California jobs in processing, canning, trucking, etc.

FAVORS LUXURY COUNTRY HOMES

3. Favors the luxury home located outside urban areas; discriminates against urban dwellings.

ILLEGAL SUBSIDY TO HIPPIES

4. Proposes \$35 annual "tax refund" to all renters, even if they pay no state income taxes or property taxes. This could be unconstitutional gift of public funds subsidizing hippies and welfare recipients who already are living off the taxpayers.

53% FIRST YEAR INCOME TAX INCREASE

5. Sponsors imply that the "oil industry and insurance companies" will pay most of the taxes in this gimmicky program; fact is only about \$25 million or 1.8% of the \$1.4 billion first year taxes would come from the oil depletion allowance and about \$69 million or 4.9% from insurance premium tax. That totals 6.7%.

By contrast, personal income taxes would be increased by \$808 million, a 53.5% INCREASE in personal income taxes over the currently projected 1971-72 income tax collections. Middle-income wage-earner would get socked hardest.

INCREASED SPENDING

6. Proposes \$242 million increase spending for schools without better guarantees that schools have wisely invested the \$533 million State has provided in increased aid between 1967 and 1971.



### STANDERS WITHHOLDING "WINDFALL"

7. Uses up Withholding "Windfall" with no forgiveness at all and no guaranteed tax relief to offset this stepped-up collection of state income taxes.

### CAPITAL GAINS

8. Capital Gains tax treatment discriminates against small property owner in urban area; it reduces his tax break to 15% on any appreciation of value of urban land, but increases capital gains liability from 50% to 85%.

### WELFARE

9. Forces State to subsidize welfare "Social Services" that may not be needed.

### UN SOUND TAX POLICY

10. The whole program is a house-of-cards built around a "Rube Goldberg" version of the Henry George "single tax theory", an unworkable, inequitable system that could seriously unbalance the State's tax structure. (Defeated Assessor Candidate Irene Hickman of Sacramento was an exponent of that theory of taxation). Gonsalves' Program is an irresponsible plan, out of step with fair tax policy.

### NO PERMANENT TAX RELIEF

11. The program is unsound because it would be totally unbalanced in the fourth year, requiring massive state tax increase. Adopting the Gonsalves-Moretti plan would be, in effect, saddling Californians with a built-in future tax increase IN ADDITION TO the half billion dollar tax increase that would be imposed immediately.

### INEFFECTIVE IN SPREADING TAX BURDEN

12. The Gonsalves' program proposes to add new maximum state income tax brackets from 11 to 15% but this will be ineffective in fairly spreading tax burden because his program also gives expensive dwellings disproportionate share of tax "relief." Governor Reagan's 1970 program added new brackets from 10 to 12% but coupled this with a sliding scale homeowner's property tax exemption so that gave lower and middle price range homes more tax relief.

-2-

Here's How the Total Gonsalves Plan RAISES TAXES:

Married Homeowner, 2 children @

: GUARANTEED TAX INCREASES

<u>Adjusted Gross Income</u>	<u>Income Tax</u>	<u>Vehicle License Fee &amp; Sales Tax</u>	<u>Total Tax Increase</u>	<u>Promised Tax "Relief"</u>
\$7,500	+ \$ 25	+ \$41	\$ 66 <u>MORE</u>	
\$10,000	+ \$ 54	+ \$52	\$106 <u>MORE</u>	
\$12,500	+ \$ 92	+ \$62	\$154 <u>MORE</u>	No Guarantee
\$17,500	+ \$188	+ \$72	\$260 <u>MORE</u>	
\$25,000	+ \$379	+ \$89	\$468 <u>MORE</u>	

Without Capital Gains, home value mentioned in Gonsalves Announcement;  
all figures from Gonsalves impact table.

The so-called "tax relief" in the Gonsalves Program ranged from \$194 at the \$7,500 level to \$699 at the \$25,000 income level. Because there are no expenditure controls to guarantee that local property rates would not go up to nullify it, those amounts are simple fictional figures.

In short, the working wage-earner is asked to accept a guaranteed tax increase in return for an unguaranteed promise of tax relief.

ILLEGAL SUBSIDY TO HIPPIES

The Gonsalves-Moratti Tax "Reform" program proposes a \$35 annual "tax relief refund" to all renters, even if they pay no state income taxes or property taxes. The Legislative Counsel has said that it may be an unconstitutional gift of public funds to distribute tax relief through refunds that exceed a renter's tax liability.

With this loophole, revenue intended to provide tax relief to taxpaying citizens could be diverted to subsidize non-taxpayers, including hippies and welfare recipients who already are being totally supported by public tax funds. This same type of subsidy was included in last year's Moscone-Miller tax "alternative".

The ultimate absurdity in the program is to raise the working citizen's taxes in order to provide "tax relief" for renters who don't pay any income or property taxes.

FAVORS LUXURY COUNTRY HOMES

By taxing only land and exempting from property taxes owner-occupied single family homes discriminates against the urban dweller and favors owners of luxury country homes.

Examples: 1. Many people live in modest urban homes near high-price industrial property. The dwelling itself may be 40 years old, worth only \$6,000 but the land on which it is located might be worth \$20,000. A homeowner in such a situation would be exempt from taxes on the \$6,000 home, but would pay taxes on the \$20,000 land. At the same time, the owner of a \$100,000 luxury home located on a \$6,000 lot outside an urban area would pay taxes only on the \$6,000 of land. The \$100,000 "single-family" luxury home would be exempt from property taxes. This is totally unfair and shows that

### CAPITAL GAINS

Sponsors suggest that capital gains are a concern only to the wealthy. The fact is that the Gonsalves-Moretti program would discriminate against the homeowner whose home represents his ONLY capital investment.

Example: A homeowner who bought a \$12,000 house and lot in 1951 may have an investment worth \$30,000 in 1971 because of the appreciation in the value of his land and real property in the past 20 years. Under the Moretti-Gonsalves program, if the homeowner sold this to move into an apartment, he would be subject to an 85% capital gains tax on the \$18,000 "profit." His capital gains exemption would be only 15%.

The present capital gains formula allows such a homeowner to exempt 50% of the increase in his home's value and pay a capital gains tax only on \$9,000. This is much fairer to the person who makes only one or two capital transactions in his life.

Martin: Moretti was certainly one of them. Moscone was one of them. They all jockeyed to have their own program, be it the Democratic program, and generally whoever was speaker had a strong edge in that department, but Moscone had a strong leadership. He was the leader, the Democratic leader, of the senate. So he had a strong position, too.

Sharp: Let's look at this first one, the tax reduction one written sometime after July of 1970. Basically, in one column you have the governor's program, which is AB 1000 and 1001, and then in the other column is the Moscone-Miller Amendment.

Martin: Miller was George Miller, who was a state senator. George Miller was a funny guy. He didn't believe in initiating; he believed in reshaping. The amendments that they were offering to this program became the Democratic rival, the alternative program that they were recommending versus the AB 1000 and 1001 which ultimately was enacted, not in its totality, but part of it.

Sharp: Now, you would have worked up this particular sheet for Mr. Reagan?

Martin: Right. Well, not just for Mr. Reagan. This was for the use of all of our staff and cabinet as well as by others. If an editorial writer would write in and ask, or a reporter would say, "Why is your program better than the Democratic program?" or "What's the argument about, why are you arguing for this?" These were the major elements of the program; it was a combination of tax reform, restructuring the tax base, and distributing school revenues because that was what you were going to do with the money. One of the things that was a big issue was the state trying to achieve this fifty-fifty state-local ratio of support for public schools. I don't know if it was this one or the other one--but there was the Serrano court decision about equality.\* The AB 1000 and 1001 program went a long way towards solving it and making school financing more equitable at that time. But as I said before, it would be like welfare--these things are a never-ending task of keeping it in balance. But what we were trying to do is avoid the situation that Beverly Hills is a good example of. They could have a very low tax base and a very expensive program of public education, and another county would have a huge bedroom [population] out in San Fernando Valley, a huge bedroom population,

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\*Serrano v. Priest was a California Supreme Court decision in 1971 which declared that the current system of financing schools primarily by using property taxes was unconstitutional. Mr. John Serrano of East Los Angeles initiated the suit on behalf of his son, John Anthony Serrano, against state Treasurer Ivy Baker Priest. The decision directed the California legislature to equalize spending on schools within specified limits.



Martin: no industry to tax, no high-priced real estate. [laughs] Of course, that point has since been eclipsed because I don't think even the San Fernando Valley has any cheap real estate anymore. But at that time, the basic support of the schools was the property tax, augmented by state aid.

We were trying to achieve the fifty-fifty state-local ratio. There was no guarantee, there never is in legal things, but there was an effort to meet the requirements that were implicit in the Serrano decision, and also it would have provided cost of living increases, built-in factors there and it would include spending controls. That's what AB1000 and 1001 were. This was an analysis of what their program was versus the governor's program and [put] in a quick run-down way so that an editor could look at that and could compare it.\* Then he could take their comparison and match it up with that. This was basically designed for our people to argue before the legislature when they made a speech, for me to send to editors or reporters, provide to the reporters.

One of the populist arguments that they always tried to paint the governor with was--or any Republican--being more favorable to business or the rich, (quote) "the rich." Their definition of rich starts at \$7,500 a year [laughs] because below that people didn't pay any state income tax anyway. The fact was that what we did at that time was, I think, add in another bracket on the top of the list. So it went from 10 to 11. Only those at the very top of the income structure would even be affected by that. I mean by that it's generally those making more than \$32,000 a year taxable; that's after deductions and all that stuff. The property tax relief would have been financed by the 1¢ sales tax which it was because substantial elements of AB 1000 and 1001 became law. I'm not sure, I didn't follow it that closely, but we got as an after-the-fact thing, we got most of the main elements of this passed.

Sharp: Not at this point though.

Martin: Yes, at this point we didn't know what we were going to get. But one of the arguments was on this renter tax relief. There you get into a real basic philosophic argument between Democrats, even more so against the tax program they had the next year when they had the Gonsalves-Moretti one.

Sharp: Okay, that's the next memo that I wanted to ask you about.\*\*

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\*This memo is reproduced on pp. 68a-68e with permission from the Hoover Institution. It is drawn from the Reagan papers.

\*\*"Guaranteed Tax Increase v. 'Pie-in-Sky' Tax 'Relief' Promise," see pp. 66a-66e. This is Assemblyman Joe A. Gonsalves.



Analysis of Governor Reagan's Responsible  
Tax Reform and School Finance Plan

vs.

Speaker Moretti's Irresponsible  
Guaranteed Tax Increase Program

Governor Ronald Reagan's responsible tax reform and school finance program accomplishes goals which the State has been seeking for years: comprehensive, guaranteed and permanent simplified way of providing equal educational opportunity for our schools, meeting the major requirements of the Seranno court decision to equalize the school tax burden. It achieves a 50-50 state-local sharing of basic school costs. It does all this without raising income taxes.

Speaker Moretti's rival program is nothing but a massive tax increase in the guise of "tax relief," the same deceptive sham that has been introduced before. Moretti's program contains no spending controls and thus, there is no guarantee that anyone will get a cent of tax relief. Even worse, Moretti's plan increases income taxes \$840 million, by adding higher maximum tax rates and narrowing tax brackets to squeeze more millions from the income tax--a step that hits every taxpayer!

Furthermore, it does nothing to solve the school financing problem in California. It merely sets aside a "floating \$500 million" to be used later, but does not specify how this is to be spent. It is totally irresponsible to raise taxes without a specific plan on how those revenues are to be used. The danger here is that the Legislature, dominated by spending blocs, could simply use up this revenue for other programs, including welfare, and leave the school finance problem to be dealt with later--at a price of even higher taxes than his \$1.5 billion program would impose right now.

Governor Reagan's program is the responsible, realistic way of providing tax relief and equal educational opportunity.

Governor Reagan's PlanSpeaker Moretti's PlanProperty Tax Relief

Guaranteed homeowner tax relief of \$650 million; homeowner exemption raised from \$750 to \$1,250 in 1972; \$1,350 in 1973; \$1,450 in 1974; \$1,550 in 1975.

Alleged increase of exemption to \$2,000 plus 10% of assessed value. But because there are no spending or local tax rate controls, NOT A CENT OF TAX RELIEF is guaranteed!

Total Property Tax Relief

\$892 million, Guaranteed.

\$708 million (No guarantees)

School Finance Solution

Governor Reagan's program increases state aid to 50% of current basic school costs, plus cost of living factor. Achieves 50-50 sharing ratio of basic school costs sought for years, but never achieved during previous administration.

No specific program to meet Serrano decision implications; sets aside a "floating \$500 million". In short, raises taxes, but doesn't specify how money is to be spent. Ignores 50-50 goal.

Renter Tax Relief

Up to \$60 state income tax credit for renters; tax relief for taxpayers.

Up to \$80 income tax credit, rebates for non-taxpayers. But this could be offset by higher personal income taxes on all brackets.

Spending ControlsRR's Program

Freezes local non-school 72-73 property tax rates; taxes could not thereafter be raised without a vote of the people! This is to assure that the benefit of the state program would go to taxpayers, not to finance other spending.

Rolls back school taxes a total of \$650 million.

Requires State to pay for any new or increased state-mandated programs.

Constitutional Amendment to let people decide if 2/3 or a majority vote of Legislature should be required for raising income and sales taxes as well as bank and corporation tax.

Moretti's Program

None! Any alleged tax "relief" could be wiped out by higher local tax rates, starting immediately.

No requirements. Even the \$500 million supposedly earmarked for solving school finance could be wiped out by increased state spending.

No controls. Leaves 2/3 requirement for raising bank and corporation taxes, but only a simple majority for increasing individual income taxes, sales tax, etc.

School Aid DistributionRR's Program

Simplifies complex state aid formula to guarantee:  
 \$745 minimum aid for every elementary school child (ADA);  
 \$930 for every high school student in California

95% of California's school children would have more state support to finance basic education program; only 5% in wealthiest districts would get less. Wealthy districts now enjoy expensive programs at low tax rate.

Moretti's Program

Leaves present complex school financing formula as is, an inequity to poor districts. No specific plan for solving Serrano.

Preserves all the inequities, complexities of present out-moded system which discriminates against poor districts; favors wealthy districts, which have low tax rate, but expensive school program.

Simplified Tax Returns

Allows taxpayers to simply attach carbon of federal tax return in paying state income taxes; eliminates separate return. (Constitutional Amendment to be voted on by People)

Preserves separate return requirement for state income taxes; leaves the double return.

Other Benefits

Reserves \$240 million in anticipated federal revenue sharing for equalizing school aid; any state general fund surplus to be used for property tax relief. If federal revenue sharing plan is not adopted, State will rebate as it did when Governor Reagan sponsored a 10% state income tax credit in 1970 and a 20% income tax credit in 1972 when the State switched to withholding.

None!



Replacement RevenueRR's PlanMoretti's PlanIncome Taxes

NO INCREASE!

Increase of \$840 million which hits low and middle income taxpayers hard; narrows individual and married couples' tax brackets; Lowers tax brackets to squeeze more millions from California taxpayers; adds to present 11% maximum rate.

Sales Taxes

One cent increase

One cent increase

Bank and Corporation  
Taxes

1.4% increase

1.4% increase

Other Revenues (Taxes)

Cigarettes 5 cents a pack increase. Distilled Spirits, 50 cents a gallon increase.

Vehicle In-Lieu Property Tax increase from 2.0 to 2.85%; additional revenue goes equally to cities, counties, and school districts.

Note: The "tax reform" originally introduced by Speaker Moretti included a 5% telephone user's tax and an increase in the inventory tax exemption from 30 to 50%. Both these items were deleted from the program before it left the Assembly. The inventory tax exemption would remain at 30% permanently under both plans.

Martin: This one, what they did was they reacted to the governor's initiated program with these Moscone-Miller amendments and that became known as the Democratic alternative. In other words, the Democratic program versus ours. Ours survived in most of its elements, but some of theirs was adopted because that was the compromise. There always is.

That [the Gonsalves-Moretti plan] was the following year's program. This was when we were making the great effort to get some property tax relief. That was one of the other major priorities that we had going. You have to recall at this time that there had been a sort of a Prop 13\* on the ballot almost every two years for ten years because this was people trying to put an assessment cap on property taxes. We were opposed to an assessment cap. It doesn't work because that in effect stops growth. It attempts to do something that you can't do in a free economy. It says that your house shall never be worth more than we say it is. That's not the way the free market works. Demand decides the value. So you had to approach it in a different way, not an assessment cap as they attempted to do.

This memo was essentially a similar thing, a similar analysis, only it was more of points against the Gonsalves and Moretti program that they had proposed. They had proposed another rival, their property tax reform program versus Reagan's and theirs would do these things. I mentioned the one, the illegal tax refund to renters, the renter tax relief. We went along. I think the compromise was they wanted to take money that was raised and generated for the purpose of reducing property tax, providing tax relief. By definition that's to somebody that paid some taxes in the first place. They wanted to give a check to everybody, whether they paid it or not, whether they paid taxes or not, and this was the mechanism.

One of the things that that would result in is that it could be an unconstitutional gift to public funds. There is a strict prohibition of that. You can't do that. You can't take money and illegally give it away. Our argument here was that it would give a tax refund to non-taxpayers.

Now, there are those who advocate, and there are elements of that in the state law now, this very limited version of a negative income tax. You've seen it as tax credits for this sort of thing.

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\*In June 1978 California voters approved Proposition 13, an initiative ballot measure sponsored by Howard Jarvis and Paul Gann that sharply lowered the amount of property tax that could be levied by city and county government. The drop in local revenues was alleviated for several years by "bail out" funding from state revenue surpluses.

Martin: At that time, we weren't that far along in the philosophic debate. We were arguing the merits of the Gonsalves-Moretti property "tax relief" (quote, unquote) program versus the tax relief program that the Reagan administration was sponsoring. These were some points that we made available to our legislative spokesman.\* This on effect translates some of the arcane, legalistic language: this is what it meant, and this is what it meant from our philosophic standpoint; these were the bad points; that it didn't contain any relief for farmers, for example, and we felt that they needed property tax relief.

It [Gonsalves-Moretti plan] would raise taxes by \$1.4 billion including an income tax surcharge, but it would not guarantee that the money would then be used to achieve the purpose for which it was advertised, property tax relief, and that was one of our big arguments. We demanded the strict controls and the accountability. If you'd raise the sales tax by a penny in order to achieve property tax relief, we wanted to [achieve] property tax relief and not have it be just tossed into the pot, and take its chances against all of the other spending proposals. That's where you get off the track.

One of the things that they did at that time--Moscone and Moretti--[and were] always trying, was to advertise that they were socking it to business and all of the oil companies, the insurance companies. Well, the fact of the matter was that the severance tax--or the depletion tax--on oil which has since been repealed both at the state and the federal level only generated about \$25 million a year in revenue. But what they didn't say was that \$808 million of their program, or most of their program, came from narrowing the brackets of the income tax which squeezes more money out of every bracket.

We felt that that was a point that we wanted to make clear, so that the press and our spokesmen in the legislature and anybody else who wanted it could see what we had against the Moretti thing, and that's what this was for.

One of the purposes was to give the governor the ammunition to point, to analyze it in simple [language]--for anybody to understand. You say it discriminates against farmers? How does it discriminate against farmers? This was the short version and down in here, if you will notice, we have a little longer version of how that exactly works [refers to p. 4 of analysis]

Sharp: Do you mean on the following pages?

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\*Martin is referring again to his analysis of the Gonsalves-Moretti plan.

Martin: Yes, the favoring of country homes. Now, by taxing only land and exempting owner-occupied single family [homes], it discriminated against the urban dweller and favored owners or people who lived in country homes and in unincorporated areas. Then it shows you an example of how that bad result occurs. If this particular provision was in the law, and we're working on it, if you taxed only land, that's not a sound, balanced approach to taxation because that would mean that a guy could have a \$6,000 home on a \$20,000 lot and he wouldn't have to pay on the \$6,000 home, but he would have to pay on the \$20,000 lot where a guy could have a \$100,000 home on a \$6,000 lot out in the country somewhere and that's the kind of unbalanced structure [it advocated]. Those were some of the key reasons why we felt ours was a better one. But this was basically an analysis, a simple analysis, of what was wrong with the Moretti thing.

Sharp: How many people do you think would see one of these analyses?

Martin: Oh, God, we would put out hundreds.

Sharp: How often would you write one?

Martin: When we had a need for it, like a major program. Usually there was a major tax program of one sort or the other. So we would do an analysis and we would do it on whether we had rival programs and they would do it to us, too. I mean they would do similar things.

Sharp: So there were a lot of these going around?

Martin: Oh, yes, yes, definitely. But what we were trying to do in this is to make available other material so that if you didn't believe that this was true, you could go through the law and all of the accompanying material and see for himself, and then you could ask a lawyer or the legislative counsel. We tried to use as our basis and our source the analyses that were made for the legislators themselves but which often did not get wide enough circulation for people to be alerted to it.

Sharp: Then you would have worked pretty closely with Post's office then?

Martin: We worked with our state Department of Finance, and also with Alan Post who actually was the analyst for the legislature. He made his material available to us and to the legislators just as we made our Department of Finance material available to him. I mean, he analyzed us; we analyzed him. But basically his function was to analyze for the legislature.

I personally think that that system has a fatal flaw in it in that he is answerable to the legislature and appointed by the legislature. If you are going to have such a person and such an



Martin: office, I think you'd have to be separate from the guy who pays your pay check. He is auditing proposals before they become law, before their impact. [Because of] the fact that he and his office are dependent upon the favor of a majority of the legislature of whatever party it is, I just don't think that the legislative analyst performs the ultimate function that I think a lot of people believe that he does.

I think it's a very useful thing and I think we ought to have it. In this particular case, I never felt that the legislative analyst's office carried forward the auditing function as it might have. For one thing, he didn't initiate or he didn't suggest structural changes, and that's where the basic problem is. He would take what the legislature put on the menu, and then he would analyze that. Now, that's like saying if you are a doctor and a guy comes in to you and his left arm is turning blue, and he says, "Gee, I have a kind of an earache," you don't ignore the fact that he has something else wrong with him. [laughs] We had an awful lot of other [analyses] and this was why I went to great efforts because being an editorial writer, I knew that a lot of legislators did not have access to all this information. Nor did a lot of editorial writers and the media have access, not that it wasn't publicly available, but they just didn't know where it was or what to ask for.

The governor would put out his budget in a big, monstrous, two or three-volume version every year. Post would analyze each section of it and that would be a big, monstrous book, generally with a handy summary plus an accompanying press release, plus a briefing that they would do. We would also have a briefing on the budget. When Post analyzed it, he would have a briefing on his analysis of the budget. When a legislator would drop a legislative proposal and then he (Post) would be asked to do an analysis--the legislative counsel would do the legal analysis. The affected agencies of government generally did an analysis and those who were in the private sector who were affected by the program generally did a lot of analysis [laughs] and brought that to your attention. I mean, if you were going to raise the beer tax, you heard from the beer people. The wine tax is the same way.

What you tried to do was to meld all that information together so that the guy could make the decisions, what was there in a program and what to look for, and that's what this [analysis] was for.

All these figures that I pointed out, these were the tables that were straight out of their program.\* We weren't claiming any impact that they didn't claim. We were just pointing it out, to show that

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\*"Guaranteed Tax Increase v. 'Pie-in-Sky' Tax 'Relief' Promise," p. 68c.



Martin: if you had different income levels, what the impact actually was versus what they were saying it was. At that time, there was the hippie aspect, that was one of the scandals that were going on where people would find that all manner of public funds were being utilized by those who lived unconventional lifestyles. But really to pay money that was designed for property tax relief and divert it in whatever way it might be diverted, whether intentionally or unintentionally, is what we were trying to stop. They are like the story of the French taxicab driver who was an avowed Communist and his long-time passenger said, "Are you going to support the Communist?" The taxi driver replied: "No, I'm going to vote for [Charles] De Gaulle." The amazed passenger said, "How can you, a dedicated life-long Marxist, be for De Gaulle when this other man, the Communist candidate, says that he is going to take all of the wealth of France, divide it up equally, and everybody will get ten thousand francs?" The taxicab driver says, "I have twenty thousand francs." [laughter]

There were great exponents in our whole administration of boiling it down to get to the source. What is the bottom line? What's wrong? What is the problem? Two, what are we going to do about it and, three, what do we achieve and out of that what are the obstacles that we have to overcome to achieve that? So this material is that kind of stuff.

Mine was more an operational role--research was part of it--I had access to the work of those who were involved in statistical activities, things like that. My role was to put it together into a speech, a statement or a legislative program. But I didn't (personally) do the kind of economic analysis that went into things like the Revenue Limitation Plan.\*

That kind of economic analysis came from people like Milton Friedman and others on the task force, including a couple of Nobel prize winners. The task force included a whole cadre of economists, business specialists, tax specialists. We had a workshop for the press down in L.A. when we introduced this (the Proposition 1 Tax Limitation Plan).

Milt Friedman was one of them. He is a delightful guy and a great speaker. Sometimes the press can ask some non-germane, off-the-wall questions. But Friedman has a great knack for putting things into easy-to-understand terms. In the Q and A (question and answer) part, he was asked, "What does this (the Tax Limit Plan) do about tax loopholes?"

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\*Governor Reagan's tax reduction legislative message submitted to the California legislature, "A Reasonable Program for...Revenue Control and Tax Reduction," March 12, 1973. The Bancroft Library has copy as supporting document.

Martin: His answer was great. He said it didn't do anything about loopholes because it was not designed to do anything about loopholes or measles, either. It was designed to control and reduce taxes, and the loophole closing is something else, part of another program. This basically became Prop. 1.

Sharp: In '73?

Martin: Yes, '73. That was Prop. 1 on the [November] ballot and it failed.\*  
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\*See page 52.

## VII FINAL COMMENTS

Martin: I think the whole story of whatever Reagan achieved is (mainly because) he didn't rely on just one man and certainly not on just himself. He never pretended to be an expert on the intricacies of government. He saw problems as the public sees them and as I think history will see them. He saw them as "These are the problems and let's find out what we can do. You go out [and get] the best resources that we have, the best people that we can find, Democrats and Republicans, and let's solve something, let's do something about it. Let's don't just stand by and watch helplessly while we wallow in deficits, while we wallow in unsolvable problems or throw up our hands in horror. The first step in solving a problem is to admit that you've got a problem and then decide the dimensions of it and then see what you can do to mitigate it."

I know you are getting a view of someone who was part of the administration, and obviously was biased in favor. Certainly, I was biased in favor. That's why I got into politics. That's why my whole life I have been involved in what you might call the conservative view of things.

I think there was one appointment that really shows the attitude that Reagan brought to the state government, and I think that can be extrapolated to his attitude toward the federal government. His first chairman of the Air Resources Board [ARB], which was the board charged with devising the ways, the strategy, the regulations to combat the smog and pollution problem in the state of California, was Dr. [A.J.] Haagen-Smit of Cal Tech [California Institute of Technology], who was the scientist who first identified the chemical components of smog and saw smog as a major problem.

Reagan's mandate to him was to find out what the problem was, the dimensions of it, all of the different elements of it--cause, stationary sources, whatever--and to give us a battle plan to try to implement it, fit it in logically with the economic impact that you have in environmental law. Only a guy with the credentials of someone like him, like Dr. Haagen-Smit, can know when you are trying to overkill, when you are imposing greater costs than might be necessary to achieve the goal.

Martin: Jerry [Edmund G.] Brown's [Jr.] appointment to the ARB chairmanship was his chief campaign advisor [A. Thomas Quinn], and I think that was a difference in approach. Reagan saw the environment as a problem, as a difficult problem that we had to solve. Other people see it in political terms, as a basically political issue, or something like that, not as something to be solved. California led the country in first trying to do something about smog. One of the reasons and one of the driving forces was because in the L.A. [Los Angeles] basin we have kind of a unique situation that is greatly aggravated by smog.

In terms of approach and attitude, I think that one appointment sort of spotlights and illustrates the differences when you are approaching something from a political standpoint and when you are approaching it from a standpoint of trying to solve it. I think that will stand as a monument of who was really looking to solve a problem and who was working to make some political hay out of it, and I would like to have people and scholars of the future remember that. I wanted to say that.

Sharp: People acquire a kind of loyalty to Mr. Reagan from what I've noticed in doing the interviews.

Martin: I think a part of that is the fact that what he says about himself is, "What you see is what you get." He was not like a lot of political figures that I know, because I covered politicians for years as a newspaperman. He did not have a face that he put on in the morning and that was his political face for the day and took it off when he was in the privacy of his own staff. I know some of his critics have said that he was an actor. They were trying to make some hay out of his professional background, but he was an awfully good actor because he was a long time with the same basic pitch.

He certainly was not a rigid guy. He started out as a Democrat. I came from a Democratic family. I think what happened was that the events of our time changed your perspective of them. We saw that if you tried something once, twice, three times, more of the same ineffective approach, sooner or later you get smart enough to try something else. That's, I think, what has happened, why a lot of people change their philosophy.

I recall that Winston Churchill said when he was accused of being an opportunist, when he switched from being a Tory to a liberal and back again, he said, "I think the answer is, his convictions never changed." As Churchill said, "Some people change their principles for party and others change parties for principle." And that's what happened.



Martin: We are in a constant evolutionary phase in political life. Maybe that's why I find myself standing with a lot of people who are Democrats, and we are looking at the issues from a similar perspective. We might have some philosophic differences, depending on our own place in the scheme of life whether it is in the private sector or from government. But the problems always stay the same. The thing that we need to solve them [with] is to have a consensus, and it's sometimes hard to work out a consensus. It's a matter of compromise obviously. You can't be rigid, but the one thing you can be rigid about is that you want to do something and not accept defeat, not accept the view that you can't do anything.

Sharp: But there were people who saw Reagan as extremely rigid.

Martin: Yes, I know that. But he was not rigid, and that's why those people are no longer in office and he is! [laughs] No, he was not a rigid person in that sense. He had a basic set of principles against which he applied the issues that came before him but he was not rigid.

He was adamant against withholding on a matter of principle. He felt that withholding led to the growth of government, the uncontrollable growth because that was the check. (He felt) if people had to pay it all in one lump sum, the pain would make them give government the scrutiny that is necessary to keep it from being wasteful. Instead it became a sort of a subtle, slow (process of bankruptcy) a little nip here and a little nip there. Now the nips take a lot of hide out of you on pay day.

The problem he faced there, when we were in that period of restructuring a tax base, was a choice in that one year. If you took withholding, you could reduce the people's income tax that year. If you didn't take withholding, in order to even out the cash flow, you would have to raise taxes. The choice really then boiled down to accept withholding, unpalatable as it was, or accept a tax increase in order to stick by that principle, which I still think is good, and I think he still believes is good. He has said so on many occasions. A lot of these little things happen not overnight, but it's a long, slow erosion of the priorities that people have.

So many of these programs that you have at the state level are emulated at the national level and vice versa. There is a federal program for that and in a lot of places there is a local program. There is a lot of duplication, a lot of waste, and a lot of passing the buck because nobody, or very few people, ever bother to look at the whole picture or are ever in a position to do so. The governor is, at least in his own sphere. A president is. The Congress is always able to if it can be persuaded to act. But a lot of times people get so charged up with their own self-interest and so dominated by their own narrow interests in the legislature. I am opposed to a



Martin: full-time state legislature. I don't think we can avoid it on the national level, because of the sheer growth of things. But on the state level, we've gotten away from the concept of citizen office-holders, legislators, representatives, men who come from an area and represent the people. I would be in favor, I think, of a limitation on terms [which] might be the best answer for that.

Sharp: Thank you for your time.

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Transcriber: Michelle Stafford  
Final Typist: Keiko Sugimoto

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Gabrielle Morris

Graduate of Connecticut College, New London, 1950, in economics; independent study in journalism and creative writing; additional study at Trinity College and Stanford University.

Historian, U.S. Air Force, documenting Berlin Air Lift, other issues of 1945-1952; public relations and advertising for retail and theater organizations in Connecticut; research, writing, policy development on Bay Area community issues for University of California, Bay Area Council of Social Planning, Berkeley Unified School District, League of Women Voters.

Interviewer-editor, Regional Oral History Office, The Bancroft Library, 1970-present. Coordinator, Government History Documentation Project, 1979-present, which focuses on oral documentation of selected administrative and legislative issues in the gubernatorial administrations of Earl Warren, Goodwin Knight, Edmund G. Brown, Sr., and Ronald Reagan.



Sarah Lee Sharp

B.A., University of California, San Diego, 1971,  
with major in history.

M.A., University of California, San Diego, 1975,  
with major field in United States history;  
Teaching Assistant in Comparative Americas,  
1972-1975.

Ph.D., University of California, San Diego, 1979,  
with major field in United States history;  
dissertation entitled, "Social Criticism in  
California During the Gilded Age."

Interviewer-Editor for Regional Oral History Office,  
1978 to the present, specializing in California  
political and legal history.











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